





MARLBOROUGH
DISTRICT COUNCIL


ANNUAL REPORT

July 2005 - June 2006



MISSION STATEMENT

Enabling social and economic development in balance with environmental and community needs.

A large, light blue abstract graphic consisting of thick, curved lines that sweep across the bottom half of the page, resembling a stylized 'S' or a series of connected arches.



*Front/Back Cover
Pollard Park, Blenheim*

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MDC DIRECTORY

POSTAL ADDRESS

P O Box 443, Blenheim

Telephone: (03) 520 7400

0800 4 MDC 4U (0800 463 248)

(For use by residents in the outer Sounds
and Rai Valley areas)

Facsimile: (03) 520 7496

Email mdc@marlborough.govt.nz

Web: www.marlborough.govt.nz

GENERAL STATISTICS

- **Population** 42,240
(Census 6 March 2001)
- **Provisional 2006 Population** 45,700
(Provisional Census 7 March 2006)
- **District Area** - 17,517 square kilometres
as at 30 June 2006
- **Rateable Land Value** \$6,308,746,500
- **Rateable Capital Value** \$11,386,660,700
- **Number of Rate Assessments** 23,908

ADDRESSES

District Administration Building

15 - 21 Seymour Street, Blenheim

Picton Service Delivery Centre (includes Library)

67 High Street, Picton

Harbour Control

Mariner's Mall, Picton

Marlborough Library

Corner Arthur and Seymour Streets,
Blenheim

Animal and Plant Pests Depot and Services

Freswick Street, Blenheim

Reserves Depot

Pollard Park, Blenheim

SOLICITOR

P J Radich of Radich Dwyer
Hardy-Jones Clark, Blenheim

BANKERS

Bank of New Zealand, Blenheim

AUDITOR

Auditor General
Audit New Zealand
Christchurch

MAYOR'S REPORT

I am pleased to present this report on the performance of Marlborough District Council. The report provides sound evidence that the operation of Council is well managed, and that the services and activities being undertaken are achieving the targets that have been set. The whole purpose of Council is to deliver services, and long term benefits, to the people of Marlborough. The annual report is an important link in the chain of accountability between residents and their elected representatives, and provides an account of how the revenues that we collect have been expended.



Just as people are the focus of Council's activities, people likewise lie behind the achievements that are reported on in this Annual Report. The contribution of people is sometimes overlooked in favour of a focus on the financial bottom line. Council's finances are in good health, as this report attests. But more importantly, I am pleased to see from looking at the levels of service performance that the people that lie behind Council are clearly adding value to the activities that Council undertakes. That means more value for the residents and ratepayers of the District, now and in the future.

There is no doubt that Marlborough is growing in population, and that Council is compelled to respond to this growth and the pressures that it brings. This always comes at a cost. We sometimes rue the rate of growth that the district has been experiencing over recent years, but I have no doubt that the sense of optimism and forward momentum, and the investments that people and businesses are making in Marlborough, is greatly preferable to any alternative of stagnation and pessimism. People are looking to the future with confidence, and that is a good thing.

A focus on the future was the defining feature of the Long Term Council Community Plan that Council adopted earlier this year. The plan covers the period 2006 – 2016. The next ten years are certain to be an exciting period for Marlborough, and I look forward in coming reports to reading the achievements that Council, and the community, has made. I am sure that they will reflect just as positively on the state of our district as this present report.



**Alistair Sowman
MAYOR**

CHIEF EXECUTIVE'S REPORT

The 2005/06 financial year has been one of continued growth within all our communities which has required planning for the future to be placed at the top of Council's agenda.

Planning for Picton's water front development and Blenheim's industrial and commercial growth have featured prominently this year and will be key topics of discussion in the coming year.

Council has commenced a review of the Regional Policy Statement. This documents guides how community manages the significant resource management issues for Marlborough. It is important that people in the community take part in the consultation process to ensure that significant issues are identified.

Over the year the significant highlights have been the completion of the Renwick sewerage scheme and construction of the Omaka Aviation Heritage Centre building along with the commencement of construction of the Convention Centre.

Responding to growth for rural industrial and residential developments and the processing of consents has continued to place demands on staff across all of Council operations. Staff have responded well to the demands placed upon them and have continued to maintain a high level of customer service.

The year also saw Council continue to progress community infrastructure needs. The Marlborough Civic Theatre have commenced a feasibility study for future theatre facilities in Marlborough and this will be a topic of discussion in the coming year. The Picton foreshore development has progressed well with Council selecting a preferred architect to design the development for community consideration. The need for a major hotel to support the Convention centre has been recognised and work is progressing on this.

Across Council workloads continue to be high as staff strive to meet community expectations and needs. I am pleased with staff's commitment to serving the community and look forward to the coming year and the challenges it will bring.



Andrew Besley
CHIEF EXECUTIVE

ROLE OF ANNUAL REPORT

This Annual Report has been prepared to enable readers to assess the performance of the Marlborough District Council against the policies, activities, objectives, performance targets and financial details contained in the Council's 2005/2006 Annual Plan.

An Annual Report is required by Section 283 of the Local Government Act 2002. Financial and non-financial information is required to be included for each activity.

If any member of the public wishes to discuss any aspect of this report, a council officer will be more than pleased to meet with you. In the first instance please telephone Judith North, Committee Secretary (03) 520-7400, Blenheim.

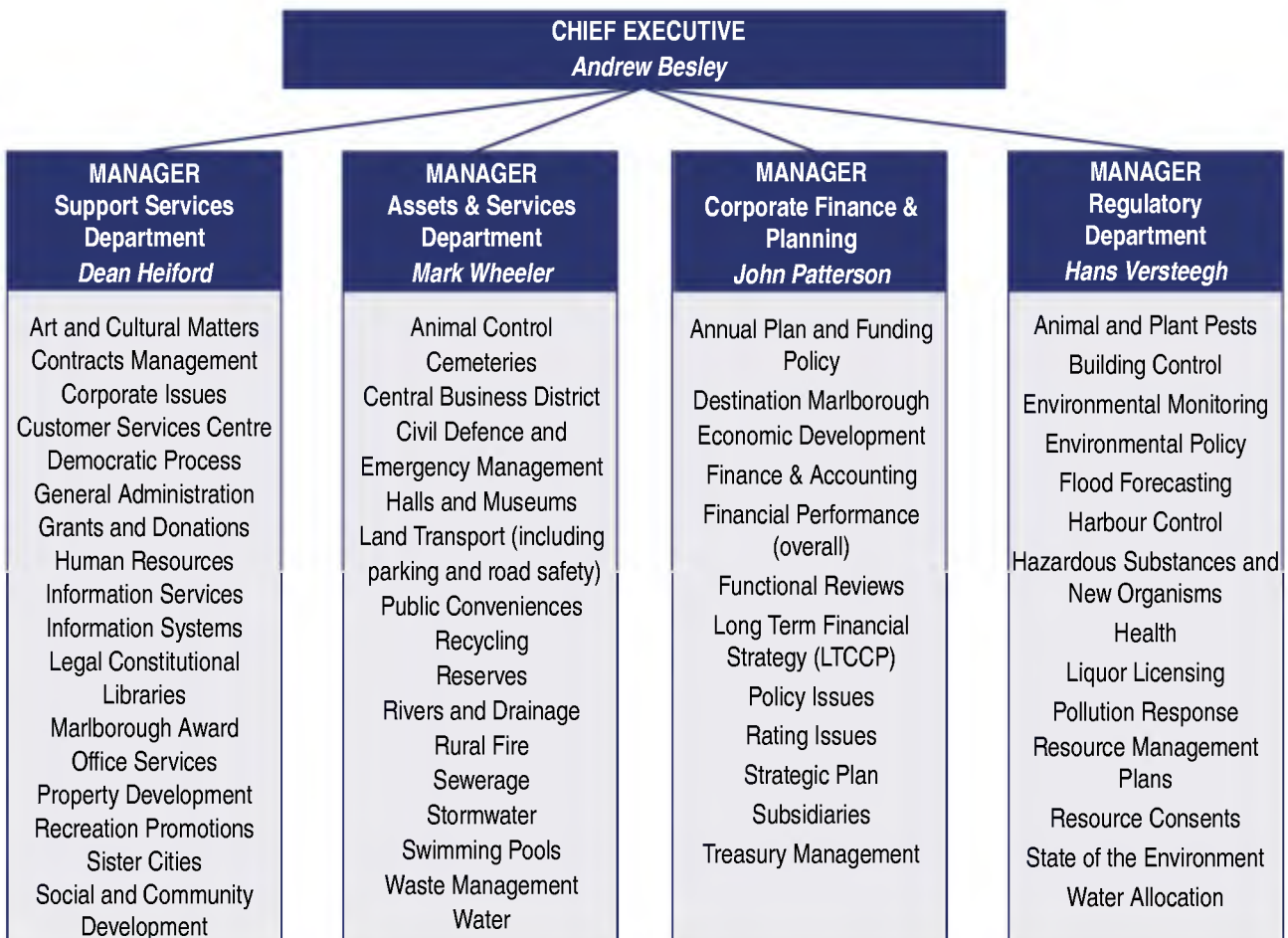
ENTITY STATEMENT

The Annual Report covers the activities of the Marlborough District Council. The Council is a unitary authority established under the Local Government Act 1974. A unitary authority has the functions, duties and powers of both a regional council and a territorial authority as conferred by the Local Government Act.

The Annual Report also covers the activities of the following subsidiary entities of the Marlborough District Council:

- MDC Holdings Limited (100% owned by Council).
- Port Marlborough New Zealand Limited (100% owned by MDC Holdings Limited).
- Marlborough Airport Company (100% owned by MDC Holdings Limited).
- Marlborough Regional Forestry (88.62% owned by Council).

COUNCIL STAFF STRUCTURE



ELECTED COUNCIL MEMBERS

BLenheim WARD



Jenny Andrews
(Deputy Mayor)



Jill Bunting



Frank Connor

MAYOR



Alistair Sowman



John Craighead



Liz Davidson



Gerald Hope



Graeme Taylor

WAIRAU/AWATERE WARD



Andrew Barker



Francis Maher



Pat O'Sullivan

PICTON WARD



Cliff Bowers



Nigel Weetman

PELORUS/NORTHERN MARLBOROUGH SOUNDS WARD



Graeme Barsanti

COUNCIL COMMITTEES AND MEMBERS

The Marlborough District Council has five standing committees, a joint committee with Kaikoura District Council, two statutory committees, six sub-committees, and under a memorandum of understanding with a majority of tangata whenua iwi, the Maori Advisory Komiti.

The present committees and their membership are as follows:

ASSETS & SERVICES COMMITTEE

This committee is responsible for all infrastructure including roads, sewerage, water, stormwater, rivers and drainage, parking, waste management (including recycling), reserves, halls, cemeteries, public conveniences. Also responsible for animal control, civil defence and emergency management (including rural fire) and road safety.

Chairperson – Clr Francis Maher
 Deputy Chairperson – Clr Graeme Taylor
 Clr Graeme Barsanti
 Clr Frank Connor
 Clr Pat O'Sullivan
 Clr Nigel Weetman
 Mr Richard Hunter (iwi representative)
 Mayor Alistair Sowman (ex officio)

- **Animal Control Sub-committee**

This Sub-Committee has responsibility for animal control including administration and dealing with any right of objection to the Council in terms of the Dog Control Act 1996.

Clr Liz Davidson - Chair
 Clr Jenny Andrews
 Clr John Craighead

- **Regional Land Transport Committee**

This Committee prepares for approval by Council the Regional Land Transport Strategy prepared under the Land Transport Management Act 2003 and the Land Transport Programme prepared under the Land Transport Act 1998.

Clr Graeme Barsanti – Chair
 Clr Francis Maher
 Clr Pat O'Sullivan
 Land Transport New Zealand representative
 Transit New Zealand representative
 New Zealand Police representative
 Commercial Road User representative
 Private Road User representative
 Railway operator representative
 Taxi representative
 NZCCS representative
 Cyclist representative

Marlborough Chamber of Commerce representative
 District Health Board representative
 Environmental Centre representative
 Maori representative

COMMUNITY AND FINANCIAL PLANNING COMMITTEE

This committee is responsible for the Long Term Council Community Plan, Annual Plan, Annual Reports, economic development, community and social development, youth elderly and access issues, art, culture and heritage, grants and donations and sister cities. Also responsible for financial performance, general administration, property management, Council subsidiaries, libraries, customer services, democratic process and liquor licensing.

Chairperson – Clr Andrew Barker
 Deputy Chairperson – Clr Graeme Barsanti
 Clr Jenny Andrews
 Clr Cliff Bowers
 Clr Frank Connor
 Clr John Craighead
 Clr Gerald Hope
 Clr Francis Maher
 Clr Pat O'Sullivan
 Clr Graeme Taylor
 Mrs Yvonne Burns (iwi representative)
 Mayor Alistair Sowman (ex officio)

- **Elderly, Access And Mobility Sub-committee**

The focus of the Sub-Committee is issues related to the elderly access and mobility which includes Council's elderly housing portfolio.

Clr Jenny Andrews - Chair
 Clr Frank Connor
 Clr Graeme Taylor

- **Grants Sub-committee**

This Sub-Committee carries out Council's partnership with Creative New Zealand to ensure local arts funding is available to the Marlborough area by distribution of grants. This Sub-Committee has the power to recommend to Council loans to sporting, recreation and community organisations

from the Recreation Facilities Loan Fund. The Sub-Committee has also been tasked with making recommendations on the allocation of Council's Annually Applied Grants and Donations.

Clr Jenny Andrews - Chair

Clr Graeme Taylor

Two iwi representatives (M Bond & R Katu)

Creative Marlborough representative (L Smith)

Sports Trust representative (J Jeffs)

Four community representatives (R Carr,
G Duncan, J Laing and R Weaver)

- **Liquor Licensing Sub-committee (DLA)**

Council has delegated its powers, duties and discretions under the Sale of Liquor Act 1989 to this Sub-Committee to act as the Marlborough District Licensing Agency.

Clr John Craighead - Chair

Clr Jenny Andrews

Clr Nigel Weetman

- **Sister City Sub-committee**

This Sub-Committee manages Council's Sister City activities and strives to involve greater community participation and sponsorship in the programme.

Clr Graeme Barsanti - Chair

Clr Liz Davidson

Mayor Alistair Sowman

Six community representatives (P M Bradshaw,
C S Cairns, R J Hopkins, B M F Lankshear,
B R Lankshear, K A Stewart)

ENVIRONMENT COMMITTEE

This committee is responsible for biosecurity, building control, dangerous goods, fencing of swimming pools, food and health monitoring, harbour management, historic places, resource management consent processing, monitoring of consents, compliance control. Also responsible for environmental policy and regional planning.

Chairperson – Clr Gerald Hope

Deputy Chairperson – Clr John Craighead

Clr Jenny Andrews

Clr Andrew Barker

Clr Cliff Bowers

Clr Jill Bunting

Clr Liz Davidson

Mrs Yvonne Burns (iwi representative)

Mr Chris Bowron (rural representative)

HEARINGS COMMITTEES (2)

These Committees make decisions on applications for resource consents. Provision is made for two Hearings Committees.

Chairperson – Clr Liz Davidson

Chairperson – Clr Jill Bunting

(Plus other members as required from the Environment Committee).

SOUTHERN VALLEYS' IRRIGATION SCHEME SUB-COMMITTEE

This Sub-Committee was formed to oversee the operation of the Scheme.

Chairperson – Mr Stuart Smith

Clr Andrew Barker

Clr Francis Maher

Clr Pat O'Sullivan

Mr Chris Simmonds

Mr Ivan Sutherland

CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP

This committee has been formed in accordance with the Civil Defence and Emergency Management Act 2002. The Group is responsible for overseeing the development, maintenance, monitoring and evaluation, and implementation of the Group Plan required by Section 17(1)(i) of the Act.

Mayor Alistair Sowman – Chair

Clr Graeme Barsanti

Clr Andrew Barker

Clr Gerald Hope

Clr Francis Maher

MAORI ADVISORY KOMITI

This committee was established under a Memorandum of Understanding in 1997. The memorandum sets out the intention of both parties to support a partnership between tangata whenua iwi and Council.

Currently there are six iwi represented on the committee:

Ngai Tahu Whanau o Wairau

Ngati Apa Ki Te Waipounamu Trust

Ngati Koata No Rangitoto Ki Te Tonga Trust

Ngati Rarua Iwi Trust

Ngati Toarangitira Manawhenua Ki Te Tau Ihu Trust

Te Atiawa Manawhenua Ki Te Tau Ihu Trust

APPOINTMENT OF COUNCILLORS AND STAFF TO SUBSIDIARIES

MDC HOLDINGS LIMITED

Mayor Alistair Sowman (Director)
 Chair of Community & Financial Planning
 Committee - Clr Andrew Barker (Director)
 Chief Executive – Andrew Besley (Director)

MARLBOROUGH REGIONAL FORESTRY

*(Joint Committee of Marlborough District Council and
 Kaikoura District Council)*

Clr Andrew Barker (Chairperson)
 Mayor Alistair Sowman

STAFF EMPLOYED (FULL TIME EQUIVALENTS) (AS AT 30 JUNE 2006)

	30.6.06		30.6.05	
	Male	Female	Male	Female
General Management				
Management and Support	4	2	4	2
Assets and Services				
Development and Project Management	6		7	
Engineering	12	3	9	2
Operations	13	3	12	2
Reserves and Amenities	3.6	1	4.6	1
Rivers and Land Drainage Management and Support	5 3		5 3	
Civil Defence/Emergency Management	2	1	2	1
Finance & Corporate Planning				
Management and Support	2		2	
Treasury	4	5.5	4	5.6
Regulatory				
Animal and Plant Pests	7		7	
Building Control	11		9	
Environmental Health and Liquor	1	1	1	1
Environmental Unit	7	4	8	6
Harbour Functions	2		2	
Resource Management Control	8	7.6	8	7.6
Management and Support	4	16	5	16
Support Services				
Community Development Management		1		1
Democratic Services Management	1	1.5	1	1
Office Services	.5	8	.5	6
Contracts Management	.5		.5	
Human Resources		1		1
Information Services	7	9	5	9
Customer Service Centres	1	18.6	1	18.5
Libraries	5	8.3	4	9.3
Totals	109.6	91.5	104.6	90

NOTE: Staff movements have occurred during the year to cater for increased demand on Council services due to the level of activity within the District. In addition Council has been required to respond to new legislative requirements associated with the Building Act.

INFRASTRUCTURAL ASSETS

	30.6.06		30.6.05	
Roads				
	Urban	Length	Urban	Length
	Sealed	175.2 km	Sealed	174.9 km
	Metalled	1.2 km	Metalled	1.2 km
	Rural	Length	Rural	Length
	Sealed	677.6 km*	Sealed	684.4 km
	Metalled	669.4 km	Metalled	673.1 km
	TOTAL	1523.4 km	TOTAL	1533.6 km
Bridges				
	Number	Lineal Metres	Number	Lineal Metres
One lane bridges	293	5135	298	5195
Two lane bridges	58	786	55	781
Footbridges	6	209	6	209
TOTAL	357	6130	359	6185
Wharves				
	12		12	
Street Lighting				
	3,720 lights*		3,815 lights	
Water Supply Schemes				
	7 schemes with 386 kms of reticulation**		8 schemes with 426 kms of reticulation	
Sewerage Systems				
	5 schemes with 265.7 kms of reticulation		5 schemes with 219 kms of reticulation	
Stormwater System				
	135.6 kms of reticulation		120 kms of reticulation	
Irrigation Schemes				
	2 schemes with 64.7 kms of reticulation			

* Went down when Rapaura Road changed to SH 62.

** Length reduced as irrigation schemes were included with water schemes last year.

STATEMENT OF COMPLIANCE

Compliance

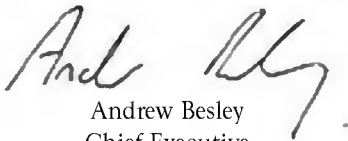
The Council and Management of Marlborough District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of Marlborough District Council accept responsibility for the preparation of the annual Financial Statements and the judgments used in them.

The Council and management of Marlborough District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Marlborough District Council, the annual Financial Statements for the year ended 30 June 2006 fairly reflect the financial position and operations of the Marlborough District Council.



Andrew Besley
Chief Executive
10 October 2006



Alistair Sowman
Mayor
10 October 2006

AUDIT OFFICE REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

AUDIT REPORT TO THE READERS OF MARLBOROUGH DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of Marlborough District Council (the District Council) and group. The Auditor-General has appointed me, M G Taris, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2006, including the financial statements.

Unqualified opinion

In our opinion:

- The financial statements of the District Council and group on pages 14 to 63:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council and group's financial position as at 30 June 2006; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 22 to 52 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements"), including the provisions of Clause 15(f) of Schedule 10 relating to the significant acquisitions or replacements of assets.

The audit was completed on 11 October 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2006. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



M G Taris
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Marlborough District Council (MDC) is a unitary authority as defined by the Local Government Act 2002. These financial statements comprise the activities of the Marlborough District Council and the other entities in which the Council has a significant interest.

The group consists of:

- MDC Holdings Limited - MDC wholly owned.
- Port Marlborough NZ Limited - wholly owned by MDC Holdings Limited.
- Marlborough Airport Limited - wholly owned by MDC Holdings Limited.
- Marlborough Regional Forestry (MRF) - Joint Committee (88.62% MDC owned). MRF is accounted for in these financial statements as an activity of Council.
- Housing for the Elderly Trust.
- Destination Marlborough Trust.
- Mayoral Drought Relief Trust.

The financial statements have been prepared in terms of Subpart 2 of Part 6 of the Local Government Act 2002.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of financial performance, cashflows and financial position on an historical cost basis are followed in the financial statements, with the exception that certain assets have been revalued.

ACCOUNTING POLICIES

The following are the particular accounting policies which have a material effect on the measurement and reporting of results and financial position.

BASIS OF CONSOLIDATION

The consolidated financial statements include Marlborough District Council and its subsidiaries. The subsidiaries are accounted for by adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All significant inter-entity transactions are eliminated on consolidation.

ACCOUNTS RECEIVABLE

Accounts receivable are valued at expected realisable value.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Where the cost basis is used the cost has been determined by the weighted average cost method.

PROPERTIES INTENDED FOR SALE

Properties intended for sale have been valued at the lower of cost and net realisable values. The valuation of net realisable value was carried out by Abel Properties Limited.

FIXED ASSETS

Land Improvements and Buildings

Leased land at Conders Bend and the Forum site was valued by Alexander Hayward Limited (Registered Valuers) as at 30 June 2003. The values are based on 'fair value with reference to highest and best use' as at 30 June 2003. All other land was valued by QV Valuations (Registered Valuers) as at 30 June 2004. The basis of valuation is fair value with reference to highest and best use, as at 30 June 2004.

Improvements and buildings were valued by Alexander Hayward Limited (Registered Valuers), as at 30 June 2004. The basis of valuation was fair value.

Assets acquired subsequent to valuation are shown at cost less depreciation.

In the case of Port Marlborough these assets are stated at acquisition cost less accumulated depreciation.

In the case of Marlborough Regional Forestry, land and improvements were valued by Merrill & Ring New Zealand Limited (Forestry Consultants).

Library Books and Parking Meters

These are stated at independent valuation as at 30 June 1991 less accumulated depreciation plus additions at cost. The valuation was undertaken by Landcorp Management Services Limited, Registered Valuers, and was based on depreciated replacement cost. This valuation is deemed to be the cost of the asset and there is no intention to revalue these assets.

Forestry

Forest crop values were determined by Mr Murray Turbitt (Bachelor of Forestry) of Merrill & Ring New Zealand Limited as at 30 June 2006. The basis of valuation of the estate is based on the 'Net Present Value Method'.

The estate based 'Net Present Value Method' involves forecasting future cashflows likely to be generated from the forest. These cashflows are then discounted back to the present giving a net present value.

Other Fixed Assets Excluding Infrastructural Assets

With the exception of Port Marlborough these are stated at cost or independent valuations (as at 19 March 1990) plus the cost of additions less accumulated depreciation. This valuation is deemed to be the cost of the asset and there is no intention to revalue these assets. The valuations were undertaken by Harrison Grierson Consultants Limited, Registered Valuers, and were based on each item being valued as an essential part of the whole activity. Valuations were established at current market rates for reinstating the unit, and thereafter adjusting downward having regard to the age and condition of the items.

In the case of Port Marlborough these assets are stated at acquisition cost less accumulated depreciation.

Infrastructural Assets

(Marlborough District Council Only)

Infrastructural assets are recorded at valuation, plus additions at cost less accumulated depreciation.

Roads, bridges, wharves, street lighting, water, sewer, stormwater and river control and drainage assets were valued at depreciated replacement cost as at 1 July 2005. The valuation was performed by Council engineering staff directly associated with managing these assets. Independent reviews of these valuations were carried out by Opus International Consultants (roads, bridges, wharves and street lighting) and Alexander Hayward Limited (water, sewer, stormwater, river control and drainage).

Carparks were valued at depreciated replacement cost at 1 July 2005 by Marlborough Roads Limited. The valuation was peer reviewed by Opus International Consultants.

Reserves, public conveniences and war memorials land were valued by QV Valuations (Registered Valuers). The value is based on 'fair value', as at 30 June 2004.

Reserves, public conveniences and war memorial buildings and improvements were valued by Alexander Hayward Limited (Registered Valuers). The value is based on 'fair value', as at 30 June 2004.

Certain infrastructural assets have been vested in Council as part of the subdivision consent process. Vested infrastructure assets have been valued based on the estimated quantities of the components vested in Council.

DEPRECIATION

Depreciation is provided on a straight line basis on all fixed assets other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

MAJOR ASSET CLASS	LIFE	RATE
Roads, Streets and Bridges		
• Land under roads	Not depreciated	
• Pavement formation	Not depreciated	
• Pavement layers	80 - 100 years	1 - 1.25%
• Pavement surface	13 years	7.692%
• Culverts	20 - 50 years	2 - 5%
• Kerb and channel	80 years	1.25%
• Concrete stormwater channels	80 years	1.25%
• Earth water channels	Not depreciated	
• Footpaths	30 - 80 years	1.25 - 3.33%
• Bridges	40 - 100 years	1 - 2.5%
• Footbridges	50 - 100 years	1 - 2%
• Retaining walls	30 years	3.33%
• Street berms	Not depreciated	
• Traffic signs	20 years	5%
• Street lighting	20 years	5%
• Traffic islands	50 years	2%
• Street trees	40 years	2.5%
• Street furniture	25 years	4%
• Paved and cobbled areas	30 years	3.33%
• Council wharves	40 years	2.5%
• Port Marlborough wharves and marinas	10 - 50 years	2 - 10%
Carparks		
• Parking meters	10 years	10%
• Land	Not depreciated	
• Formation	Not depreciated	
• Basecourse	80 years	1.25%
• Surfacing	20 years	5%
• Markings	3 years	33.33%
Buildings (excluding properties intended for sale)	100 years	1%
Council Computers (excluding Finance 1)	4 years	25%
Council Finance 1 computer equipment	5 years	20%
Plant, equipment (excluding Council infrastructural assets)	5 - 13.33 years	7.69 - 20%
Mowers/chainsaws	1 - 2 years	50 - 100%
Sewerage		
• Pipes	80 - 100 years	1 - 1.25%
• Pump stations	20 - 100 years	1 - 5%
• Oxidation ponds		
• Liner	Not depreciated	
• Waveband	75 years	1.33%
• Treatment plant	20 - 100 years	1 - 5%
Stormwater		
• Pipes	80 - 100 years	1 - 1.25%
• Pump stations	20 - 100 years	1 - 5%
Water		
• Pipes	50 - 100 years	1 - 1.67%
• Reservoirs	80 years	1.25%
• Surface connections	100 years	1%
• Pumps	10 years	10%
• Pump stations	20 - 60 years	1.67 - 5%
• Treatment plant	20 - 100 years	1 - 5%
• Dams	150 years	.667%
Rivers and Drainage		
• Pump stations	35 - 100 years	1 - 2.86%
• Stopbanks/earthworks	Not depreciated	
• Rock and gabion protection	Not depreciated	
• Trees and tree retards	Not depreciated	
• Culverts and gates	Not depreciated	
• Channels	Not depreciated	
• Dam	100 years	1%
Library books	13.33years	7.69%

Council has depreciated the cost of the Blenheim landfill development over its 45 year life and charged the depreciation to operating costs. The amortisation rate is based on volume utilisation divided by the capacity of the landfill site.

Landfill Post Closure Costs

Council has a legal obligation to provide ongoing maintenance and monitoring services at the Blenheim landfill site after closure. To provide for these estimated costs of aftercare, a charge is made each year based on the net present value of the after care cost which is estimated will be incurred following the closure of the landfill.

Revenue

Rates revenue is recognised by Council as being income on the due date of each instalment. Water Billing is recognised on an accrual basis. Transfund roading subsidies are recognised as revenue upon entitlement which is when conditions pertaining to eligible expenditure have been fulfilled. Land subdivision contributions and development levies are recognised on a cash basis. Other revenue including assets vested in Council, with or without conditions are recognised as revenue when control over the assets is obtained.

BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with the generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

TAXATION

Marlborough District Council

The Marlborough District Council is subject to income tax in respect of income received from its subsidiaries.

The income tax expense charged against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences.

The Council and its subsidiaries use the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

Marlborough Regional Forestry

Marlborough Regional Forestry is a joint committee of Marlborough District Council (88.62%) and Kaikoura District Council (11.38%) and is not subject to income tax on income from its own operations.

Goods and Services Taxation

These accounts are prepared on a GST exclusive basis except for accounts receivable/accounts payable which are shown GST inclusive.

COST OF DISTRICT COUNCIL'S SIGNIFICANT ACTIVITIES

(a) Operating Costs

All direct costs of providing services and allocating overheads have been charged to the relevant significant activity.

(b) Direct costs include salaries and wages, materials, services, depreciation and a share of the other costs of managing each significant activity within the groupings of:

- Services
- Resource Management and Regulatory
- Commercial and Other Property

(c) Allocated Overheads

The costs of providing supporting services for the Marlborough District Council are accumulated and then allocated to each significant activity using appropriate allocation bases which reflect usage and/or capacity for each significant activity.

(d) General type rates have been allocated to significant activities of Council in the Cost of Service statements. The basis of allocation is as detailed in the Annual Plan.

RESTRICTED RESERVES

(a) Revenue

Revenue related to restricted reserves is reported in the Statement of Financial Performance. It is not available for ordinary purposes.

(b) Expenditure

Operating expenditure from a restricted reserve is shown within the appropriate significant activity to which it relates. Capital expenditure is added to the appropriate fixed asset category in the Statement of Financial Position.

(c) Appropriations

The net amount of restricted reserves revenue less allowable expenditure as in (b) above, is appropriated from accumulated funds to restricted reserves each year. These appropriations are shown in note 8 of the Notes to the Financial Statements.

EMPLOYEE ENTITLEMENTS

Provision is made in respect of the Council's liability for retiring gratuity allowances and Annual and Long Service Leave. The liability for Annual Leave has been calculated on an actual entitlement basis at current rates of pay. The Retiring Gratuity Liability and Long Service Leave Liability have been assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

INVESTMENTS

All investments are valued at the lower of cost and net realisable value. Where investments have been purchased at a premium/discount that premium/discount is amortised over the term of the investment.

FINANCIAL INSTRUMENTS

The Council and its subsidiaries are party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, investments, receivables, payables and borrowing. All financial instruments with the exception of derivative financial instruments, are recognised in the Statement of Financial Position. Revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

STATEMENT OF CASHFLOWS

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made for the supply of goods and services.

Agency transactions are recognised as receipts and payments in the Statement of Cashflows given that they flow through the Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council and group.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies. All policies have been applied on a basis consistent with that used in the previous accounting period.

COMMUNITY OUTCOMES

There are thirteen community outcomes underlying the 2004 - 2014 Long Term Council Community Plan.

These are that, in 2014, Marlborough will be:

- A community that sustains and enriches the environment for future generations.
- A prosperous community where all people have the means to earn adequate incomes and enjoy standards of living that allow them to participate fully in society, and to have choices about how to live their lives.
- A community where knowledge and learning is prized, creativity is celebrated, and enterprise and endeavour is supported and rewarded.
- A community that values and supports all its members, and that welcomes visitors and new arrivals.
- A community where people can age positively, where older people are highly valued for their experience, wisdom and character, and where they are recognised as an integral part of families and communities.
- A community where young people are vibrant and optimistic, encouraged to take up challenges, and supported in their lifestyle choices.
- A community where people enjoy personal safety and security and are free from victimisation, abuse, violence and avoidable injury.
- A community where energy use is efficient, with a decreasing dependency on non-renewable sources.
- A community where people have access to a range of affordable and quality housing options.
- A community where people are served by a health infrastructure that is suited and responsive to their needs, and where they can make healthy choices for their own lifestyles.
- A community that is served by a strong infrastructure of essential services, where daily life and business is able to be conducted safely and easily.
- A community that acknowledges, values and enjoys its heritage.
- A community that has fun.

COUNCIL ACTIVITIES

Council's activities are presented in 15 groups.

Activity Group	Community outcomes that this group primarily contributes to:
Democratic Process	All the community outcomes are supported by this activity
Community Services	Health, Prosperity, Fun, Knowledge and Innovation, Safety and Security, Supportive communities, Youth, Positive Aging, Heritage, Housing.
Regional Development	Prosperity, Knowledge and Innovation.
Emergency Management	Infrastructure, Safety and Security.
Land Transport	Infrastructure, Health, Prosperity.
Rivers and Drainage	Infrastructure, Prosperity, Environment.
Wastewater (Sewerage)	Infrastructure, Health, Environment.
Stormwater	Infrastructure, Health.
Water Supply	Infrastructure, Health, Prosperity.
Waste Management	Infrastructure, Health, Energy, Environment.
Harbour Control	Environment, Infrastructure, Safety and Security, Prosperity, Fun.
Consent Processes, Licensing, and Compliance	Environment, Housing, Energy, Infrastructure, Prosperity.
Environmental Policy and Planning	Environment, Energy, Infrastructure, Prosperity.
Animal and Plant Pests (Biosecurity)	Environment, Prosperity, Health.
Animal Control	Health, Safety and Security.

Council intends to report on its progress towards achieving the community outcomes and identifying the effects activities have had on the social, environmental, and cultural well-beings as required under the Local Government Act 2002. The community outcomes framework is outlined in the Community Plan 2006 -16.

SIGNIFICANT ACTIVITIES

DEMOCRATIC PROCESS

What We Do & Why We Do It

This activity includes the planning and support for the meetings of Council and its committees, the provision of information regarding Council business, and the general oversight of the processes that underpin representative local government in Marlborough, including elections. Carrying out this activity enables Marlborough residents' and ratepayers' interests to be represented in a fair and equitable manner, and provides opportunities for the District's communities to participate in the decision-making processes that affect them.

The Marlborough District Council is a unitary authority, with the functions, duties and powers of both a regional council and a territorial authority conferred on it by the Local Government Act 2002. This Act describes the purpose of local government as being to enable democratic local decision-making and action by and on behalf of communities; and to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.

In considering the range and diversity of the communities that are represented in Marlborough, Marlborough District Council recognises the special relationship it has with tangata whenua, and acknowledges the specific responsibilities it has to Maori under the Local Government Act and under the Resource Management Act.

The Marlborough District Council Governance Statement provides a comprehensive overview of its governance policies and processes. Copies of the Governance Statement, and associated policies and documents, can be viewed at Council service centres and libraries, and on the Council's website.

Marlborough District Council Committees, Statutory and Sub-Committees:

- Assets & Services
 - Animal Control
 - Regional Land Transport
- Community & Financial Planning
 - Elderly, Access & Mobility
 - Grants
 - Liquor Licensing
 - Sister City
- Environment
- Resource Hearings (2)
- SVIS Sub-Committee
- Civil Defence Emergency Management
- Maori Advisory Komiti

INDICATOR	TARGET 2005-2006
Compliance with the provisions of the Local Government Act, Local Government Official Information and Meetings Act, and Standing Orders.	<ul style="list-style-type: none"> • 100%. No breaches of the Local Government Act, Local Government Official Information and Meetings Act or Standing Orders have been reported.
Notification of meetings.	<ul style="list-style-type: none"> • Advertised in local media no less than five working days prior to meeting date. Scheduled meetings are advertised per, and comply with, s46 of the Local Government Official Information and Meetings Act which requires a more stringent condition than the indicator. Advertisements are placed not more than 14 days and not less than 5 days before the end of every month, notifying scheduled meetings to be held in the following month (including date, time and venue).
Public availability of agendas and attachments.	<ul style="list-style-type: none"> • At least three working days prior to meetings. Agendas (including attachments) are completed and therefore available at least three clear working days prior to the meeting (i.e. for a Thursday meeting the agenda is photocopied and posted to members on the Friday prior, and is available for viewing on that day).
Voter turnout.	<ul style="list-style-type: none"> • Top quartile of New Zealand local authorities. To election was held within the timeframe of the annual report.

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05		ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE			
Democratic Process	2,053	1,935	2,023	Rates	1,788	1,740	1,769
				Other Revenue	1	2	37
				Total Revenue	1,789	1,742	1,806
				General Revenues Applied	199	193	217
				Operating Deficit funded from Reserves	65		
Total Operating Costs	2,053	1,935	2,023		2,053	1,935	2,023
CAPITAL WORKS							
Democratic Process	-	-	52				
	-	-	52				

Note 1: *Explanation of Cost of Service Variances*

- *There are no significant variances.*

Note 2: *Significant Capital Expenditure*

- *There has been no significant capital expenditure.*

Note 3: *Significant Capital Expenditure Variances*

- *There are no significant variances.*

COMMUNITY SERVICES

What We Do & Why We Do It

This group of activities includes:

- Arts and Heritage (including memorials and museums).
- Cemeteries.
- Community development.
- Community housing.
- Halls and reserves.
- Library services.
- Public conveniences.
- Recreational facilities (e.g. swimming pools).

Marlborough District Council considers social and community development to be cornerstones of the well-being of Marlborough's community. It views recreation, arts and culture as essential to the health and well-being of society, and believes that a strong community is knowledgeable of its heritage, and preserves and respects the achievements of the past.

Council provides grants and donations for social and community development from within existing budgets, and assists groups to access funds from other (non-Council) sources. It also works with specific sectors of the community, including youth, and the elder community, helps to provide liaison between community organisations, and develops partnerships with and between central government and non-governmental organisations.

Access to information is a pre-requisite for effective participation in all realms of activity. As well as providing an important recreational and educational resource, the public library system ensures that there is equitable opportunity for people to access the information they need to participate fully in their community as informed citizens.

The Council undertakes these activities by way of the following roles:

- A partner of groups and individuals actively involved in building and strengthening community well-being in Marlborough.
- A planner, co-ordinator and facilitator of community development.
- A custodian and manager of community resources and assets.
- A provider of information and resources that assist and promote community development.

INDICATOR	TARGET 2005-2006																								
Usage and membership of library services.	<ul style="list-style-type: none"> Increase on 2003 base. <table border="1" data-bbox="906 286 1439 519"> <thead> <tr> <th></th> <th>2003/04</th> <th>2004/05</th> <th>2005/06</th> </tr> </thead> <tbody> <tr> <td>Membership</td> <td>25,360</td> <td>25,305</td> <td>25,121</td> </tr> <tr> <td>Issues</td> <td>630,090</td> <td>606,691</td> <td>596,111</td> </tr> <tr> <td>Enquiries</td> <td>16,418</td> <td>16,517</td> <td>18,383</td> </tr> <tr> <td>Reserves</td> <td>10,901</td> <td>10,997</td> <td>13,008</td> </tr> <tr> <td>Online database searching</td> <td>Not collected</td> <td>12,876</td> <td>17,602</td> </tr> </tbody> </table> 		2003/04	2004/05	2005/06	Membership	25,360	25,305	25,121	Issues	630,090	606,691	596,111	Enquiries	16,418	16,517	18,383	Reserves	10,901	10,997	13,008	Online database searching	Not collected	12,876	17,602
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Average cost per issue of library resources.	<ul style="list-style-type: none"> < \$2. <i>Average cost per issue of library resources 2004/2005 - \$1.88 per issue; 2005/2006 - \$1.93 per issue.</i> 																								
Average age of library resources.	<ul style="list-style-type: none"> < 10 years. <i>Average age of library resources was 9.21 years.</i> 																								
Compliance with NZS 5828 for safety of playground equipment.	<ul style="list-style-type: none"> 100% (annual inspections). <i>Weekly safety and maintenance inspections were carried out. Very few complaints, only of a minor nature received.</i> 																								
Compliance with contract specifications for maintenance of public conveniences.	<ul style="list-style-type: none"> 100% (monthly inspections). <i>Inspection of toilets for any maintenance requirements or safety concerns was provided for by contractors as part of the scheduled daily cleaning programme. Required repairs and maintenance of a more than minor nature and any safety or operational concerns were reported to council immediately to enable approved works to proceed as soon as possible.</i> 																								
Public satisfaction with Council-provided community services.	<ul style="list-style-type: none"> Zero complaints received. <i>Two complaints regarding London Quay public conveniences were received. Increased audit of contractor performance being undertaken by staff.</i> 																								
Participation rates in physical activities.	<ul style="list-style-type: none"> Increase on 2003 base. <i>Sport Marlborough Triathlon: 590 (2003 = 180). Jitterbugs (motor sensory development programme for preschoolers) 350 (2003 = 0). Walk in the Park in the Dark 350 (2003 = 200). Active Workplaces 60 people/6 businesses (2003 = 0).</i> 																								
Participation rates in arts and cultural activities.	<ul style="list-style-type: none"> Increase on 2003 base. <i>Attendance numbers at the Millennium Art Gallery increased by 5% on 2003 figures. Attendance figures at the Marlborough Provincial Museum declined slightly. The Museum's exhibitions' spaces were closed for refurbishment over some of 2005.</i> 																								
Participation rates in community festivals and events.	<ul style="list-style-type: none"> Increase on 2003 base. <i>The Marlborough Festival and Events Trust report increased numbers at their 2005 events. The Trust has identified the capacity of existing venues as a limiting factor on further growth.</i> 																								
Average earnings of arts professionals.	<ul style="list-style-type: none"> Increase on 2003 base. <i>24% of artists surveyed in 2003 earned over \$50,000 from their arts activity. New information is currently unavailable.</i> 																								

INDICATOR	TARGET 2005-2006
Visitor spending at festivals and events.	<ul style="list-style-type: none"> Increase on 2003 base. <p><i>Visitor spending at Marlborough businesses in February and November 2005 (as measured by the BNZ market view reports) declined by 1% over 2003 figures. These two months feature three of the district's major festivals.</i></p>
Occupancy rates of community housing.	<ul style="list-style-type: none"> 90%. <p><i>Achieved - 96% average for year.</i></p>
Volunteer participation rates.	<ul style="list-style-type: none"> Increase on 2001 (Census) base. <p><i>81 volunteers were registered with Volunteer Marlborough in 2005/06 (2003/04: 41).</i></p>
Offending rates.	<ul style="list-style-type: none"> Positive reporting by Police and community advocacy groups. <p><i>A focus of council activity has been to assist in the reduction of offending in the Blenheim CBD area. Police report declining trends in a range of different offence categories.</i></p>
Response times for complaints and faults.	<ul style="list-style-type: none"> Investigate complaints relating to operations and facilities within 12 hours. Remedy minor faults within public conveniences within 24 hours of notification. <p><i>Where practical, contractors have been compliant with contract requirement for investigation and remedy of complaints and faults within specified timeframes. Due to delay in sourcing required parts for modular toilets in Blenheim and Picton, short-term closures of two facilities were required. Five day closure of disabled toilet at Waikawa Public Conveniences was necessary due to difficulty in securing tradesmen to undertake repairs as required.</i></p>

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE		
Swimming Pools	514	457	525	Rates	5,104	4,989
Hall and Reserves	2,519	2,422	2,293	Subsidies and Grants	267	13
Arts, Museums and Memorials	403	495	411	Other Revenue	1,287	1,386
Libraries	1,157	1,121	1,144	General Revenues Applied	590	577
Cemeteries	361	262	295	Total Revenue	6,577	6,341
Public Conveniences	419	388	372			
Community Development	857	1,009	679	Operating Surplus Funded to Reserves	186	-
Community Housing	795	776	767			
Special Work Schemes	37	35	34			
Total Operating Costs	7,062	6,965	6,520	Total Revenues	7,248	6,577
CAPITAL WORKS						
Swimming Pools	15	-	-			
Halls and Reserves	912	777	754			
Cemeteries	12	37	-			
Arts, Museums and Memorials	5	179	45			
Libraries	191	250	205			
Public Conveniences	-	73	32			
Community Development	17	-	245			
Community Housing	86	120	181			
Total Capital Works	1,238	1,436	1,462			

Note 1: The favourable variance in the operating revenue relates to Safer Community subsidies, vested assets, donations received and rental income.

This combined with favourable variances in grants paid by Council contributed to the favourable operating surplus result..

Note 2: Increased levels of Land Subdivision contributions enabled a reprogramming of capital works in Reserves..

Note 3:

Operating Costs as above	7,062	6,965	6,520
Less Internal Interest	214	203	209
Operating Costs as per	6,848	6,762	6,311

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REGIONAL DEVELOPMENT

What We Do & Why We Do It

Council's decisions and actions can significantly assist the development of the regional economy by encouraging local business initiatives, attracting new investments, and by presenting Marlborough as a tourist destination. As a provider of infrastructure, as a regulator of business activity, and as an institution for democratic decision-making, Council is both a facilitator and encourager of development in the region. Council has determined that its role in economic development includes:

- To ensure Council's infrastructure is able to cope with present and future business and industry needs.
- To ensure that Council services are provided in the most efficient and cost effective manner.
- To ensure that the compliance costs associated with Council's regulatory responsibilities are balanced with community benefits.
- To ensure that accurate and up to date information on the District is widely available.
- To facilitate and participate in specific projects that assist in regional development.
- To promote a positive image of Marlborough in its publications and activities.

For the bulk of this activity Council is primarily a purchaser of regional development services. It provides funding of \$395,000 to Destination Marlborough; \$155,000 to the Marlborough Regional Development Trust and \$124,000 to the Marlborough Research Centre. These three organisations are important partners for the Council in assisting the region to achieve economic development outcomes, in particular attracting visitors, residents and investment to Marlborough, adding value to Marlborough enterprises, and enriching the quality of life for Marlborough residents. The three organisations work closely with each other, with Council, and with other development-focussed groups and organisations in the District.

All organisations receiving funding under this activity are required to provide an annual report to the Council describing its operations and achievements for the year, including how it has contributed to the development of the regional economy. Council will continue to encourage closer organisational relationships between the various groups that are working in this sector.

INDICATOR	TARGET 2005-2006
Average land values.	<ul style="list-style-type: none"> • Increase on 2003 base. Rateable land value at 30 June 2005 was \$2,856,264,300. (June 2003: \$2,787,662,550).
Capitalisation of land.	<ul style="list-style-type: none"> • Increase on 2003 base. Rateable capital value at 30 June 2005 was \$6,400,561,100 (June 2003: \$5,909,600,550).
Levels of unemployment.	<ul style="list-style-type: none"> • Decrease on 2003 base. Regional unemployment for the December 2005 quarter was 3.3% (December 2003 quarter: 3.6%).
Median household income.	<ul style="list-style-type: none"> • Increase on 2003 base. Changes in median income will be reported in the 2006 census. In the period June 2003 quarter – June 2005 quarter average weekly income in the region increased by 15%.

INDICATOR	TARGET 2005-2006
Business turnover.	<ul style="list-style-type: none"> Net gain in new businesses on 2003 base. <p><i>The number of businesses in Marlborough increased by 678 in the period February 2003 – February 2005. This was an increase of 18%.</i></p>
Research and development activity.	<ul style="list-style-type: none"> Positive reporting by Council-funded providers.* <p><i>The Marlborough Research Centre reported on activity for the period. Details of their activity are contained in their annual report.</i></p>
External investments and partnerships.	<ul style="list-style-type: none"> Positive reporting by Council-funded providers.* <p><i>The Marlborough Regional Development Trust reported on regional development activity in the period. For information on the Regional Development Trust see http://www.marlboroughnz.org</i></p>
Visitor spending.	<ul style="list-style-type: none"> Positive reporting by Council-funded providers.* <p><i>Destination Marlborough reported on achievements in increasing visitor numbers and visitor yield during the period. Annual growth in visitor expenditure for the period 2004 – 2011 is forecast at 4.5%. For more information on Destination Marlborough see www.destinationmarlborough.com/</i></p>

* For the bulk of this activity, Council is primarily a purchaser of regional development services from other organisations. Levels of service and performance expectations are incorporated into the funding arrangements with these bodies.

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE		
Destination Marlborough	413	395	410	Rates	591	573
Marlborough Regional Development Trust	235	155	158	General Revenues Applied	64	63
Marlborough Research Centre	136	124	136	Operating Deficit Funded from Reserves	479	1,100
Other	350	1,062	125			
	1,134	1,736	829		1,134	829

Note 1: The favourable variance in the operating costs relates to programming of grants paid.

EMERGENCY MANAGEMENT

What We Do & Why We Do It

The Civil Defence and Emergency Management Act 2002 imposes statutory obligations on Council to carry out hazard-based risk management in four areas: reduction of risk, readiness for events, response, and recovery after an event. The Act requires an "all hazards" approach – this includes earthquakes, floods, tsunami, oil spills, hazardous substances, and landslips, to name a few. Council is part of the Marlborough Civil Defence Emergency Management Group, and is required to have in place a Civil Defence Emergency Management Group plan. Amongst other requirements, the plan describes:

- the hazards and risks to be managed by the Group;
- emergency management policies and procedures in place to manage the hazards and risks;
- arrangements for declaring a state of emergency in the area;
- arrangements for co-operation and co-ordination with other Emergency Management Groups.

The Council is also a Rural Fire Authority under the Forest and Rural Fires Act 1977. It must meet requirements for the prevention, detection, and suppression of rural fires, and must comply with the Rural Fire Management Code of Practice for equipment standards and competency requirements for fire fighting personnel.

INDICATOR	TARGET 2005-2006
Identification of hazards.	<ul style="list-style-type: none"> Regional hazards are identified and planned for. <i>The regional hazards have been identified in the Civil Defence Emergency Management group plan for Marlborough. The hazards have been identified in accordance with the Civil Defence and Emergency Management Act 2002 and the Directors' guidelines. The hazards have been ranked using the AS/NZS 4360 standard for assessing risk. The SMG model was also used to assess the seriousness, manageability and growth of each hazard. The fire danger rating for Marlborough South area has been completed.</i>
Staff competencies	<ul style="list-style-type: none"> All staff and volunteers are appropriately trained, qualified, and resourced. <i>All available staff and volunteers are appropriately trained, qualified and resourced. Fire Force volunteers train on a regular basis. Civil Defence volunteers train as and when required. Exercises are run to test preparedness. About 98% of Council's rural fire force members have passed the unit standards for the position they are likely to hold during a wild fire emergency.</i>
Facility quality.	<ul style="list-style-type: none"> Emergency management equipment, control facilities and communication systems are well maintained and upgraded as required. <i>Both Civil Defence and rural fire suppression equipment is checked on a regular basis. Weekly radio checks on all communication equipment at the Emergency Operations Centre are carried out. Fire service land mobile radio is checked on each practice night fortnightly in the winter and weekly during the fire season. Two monthly checks are carried out on all fire suppression equipment and records kept to meet the requirements of the National Rural Fire Authority.</i>
Emergency response reserves.	<ul style="list-style-type: none"> Build emergency response reserves to \$15m. <i>Balance of reserve as at 30 June 2006 was \$8,180,723 – made up of infrastructural assets reserve \$3,988,976; Wairau River flood reserve \$1,939,431; road storm damage reserve \$2,252,316.</i>
Treatment planning.	<ul style="list-style-type: none"> A treatment plan is implemented for all identified risks. <i>The Civil Defence Emergency Management Group is working through the targets and action section in the Marlborough Civil Defence and Emergency Management Group plan. A number of the targets have been met. Some however are still being worked on and it is planned to complete those during the five year life of the plan. The Fire Plan was prepared in accordance with sections 39 – 46 of the Forest and Rural Fire Regulations 2005.</i>
Fire permitting compliance.	<ul style="list-style-type: none"> Rural fire permit processes comply with statutory requirements. <i>All fire permits issued met the statutory requirements set out in the Forest and Rural Fire Regulations 2005.</i>

INDICATOR	TARGET 2005-2006
Response to events.	<ul style="list-style-type: none"> Emergency events are responded to promptly and efficiently. <p><i>Rural fire events were responded to in accordance with the requirements of section 36 of the Forest and Rural Fires Act 1977 and the Marlborough District Council's Rural Fire Plan.</i></p> <p><i>There were no Civil Defence Emergency Management type events during 2005/2006.</i></p>
Recovery from events.	<ul style="list-style-type: none"> The immediate welfare needs of those affected have been met. Systems have been established/re-established to assist individual and community self-sufficiency. Essential services have been restored to minimum operating levels. <p><i>There have not been any Civil Defence Emergency Management type events to recover from during the 2005/2006 period. Also during that period no major fire event has been experienced. However, recovery requirements laid down in the Forest and Rural Fire Regulations 2005 were achieved and met the requirements in the Marlborough south Rural Fire Plan.</i></p>

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE		
Emergency Management	495	546	521	Rates	494	488
				Subsidies and Grants	26	13
Total Operating Costs	495	546	521	Other Revenue	55	30
Operating Surplus	142	46	38	General Revenues Applied	62	61
	637	592	559	Total Revenue	637	592
CAPITAL WORKS						
Emergency Management	35	31	14			
Total Capital Works	35	31	14			

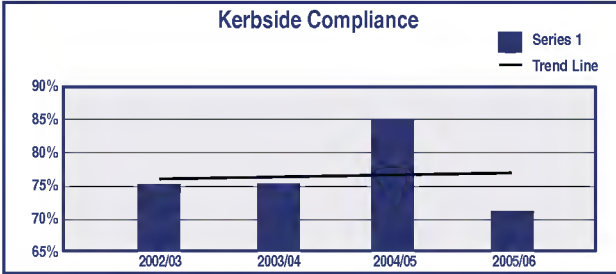
LAND TRANSPORT

What We Do & Why We Do It

Council is responsible for all roads in Marlborough except the State Highways, which are the responsibility of Transit New Zealand. As owner of the local roading network Council has legal requirements to provide roads to certain standards. In addition Council is responsible for all roading related assets - footpaths, berms, street trees and plots, kerb and channelling, undergrounding (in conjunction with Marlborough Lines), street lighting and carparks.

This activity is carried out so that the movement of people and goods within and through the District can be convenient and safe. Land transport is part of the essential infrastructure of the district, vital to well being and development.

Marlborough District Council has developed a contract with Transit New Zealand's Marlborough Roads office to manage Council's roads on its behalf. This is achieved through a formal contract with Transit New Zealand and a close management relationship between Council and Marlborough Roads.

INDICATOR	TARGET 2005-2006										
Resident's satisfaction with roading network.	<ul style="list-style-type: none"> >80% for sealed roads. Survey results indicate compliance in 80-90% range. >50% for unsealed roads. Survey results indicate compliance in 70-80% range. 										
Numbers of motor vehicle crashes.	<ul style="list-style-type: none"> < 8 motor vehicle crashes involving injury where a reported contributing factor is "Road Conditions". 5 crashes reported. 										
Condition of road surfaces.	<ul style="list-style-type: none"> Average road roughness standards for sealed roads of: <ul style="list-style-type: none"> (a) <110 for urban roads. (b) <95 for rural roads. <p><i>Note: A newly sealed road has an average roughness value of 50-70. A very rough gravel road will have a roughness value higher than 300.</i></p> <p>Achieved. 109.3 (urban). Not achieved. 96.6 (rural). Marlborough Roads are investigating causes of upward trend.</p> 										
Street cleanliness and CBD condition.	<ul style="list-style-type: none"> Inspect and report on street cleanliness and asset condition of Blenheim CBD area at least twice annually. Independent report received at end of financial year and reported to council. Routine monthly reports are received from the contractor. 										
Condition of footpath surfaces.	<ul style="list-style-type: none"> Minor faults on footpaths repaired within 20 working days of detection. Target achieved. Unevenness greater than 8mm repaired within 5 days. Target achieved. 										
Condition of street trees and plots.	<ul style="list-style-type: none"> 99 new or replacement street trees planted each year. Achieved – Mowat Street 15; Forest Park Drive 20; Roussel Place 15; Rutledge Drive 18; Covent Garden 60; Penrith Drive 105; Bradley Park 32; Tremore Avenue 17; plus tree replacements – 25 = Total 307. 										
Compliance with parking limits.	<ul style="list-style-type: none"> Increasing. Off street – 99.36% in Queen Street (99% in 2004/05). Kerbside sampling in Market Street shows 72% of vehicles had activated meter (76% and 85% in 2003/04 and 2004/05 respectively). See charge below: <div data-bbox="823 1615 1441 1888" data-label="Figure">  <table border="1"> <caption>Kerbside Compliance</caption> <thead> <tr> <th>Year</th> <th>Compliance (%)</th> </tr> </thead> <tbody> <tr> <td>2002/03</td> <td>76%</td> </tr> <tr> <td>2003/04</td> <td>85%</td> </tr> <tr> <td>2004/05</td> <td>99%</td> </tr> <tr> <td>2005/06</td> <td>72%</td> </tr> </tbody> </table> </div>	Year	Compliance (%)	2002/03	76%	2003/04	85%	2004/05	99%	2005/06	72%
Year	Compliance (%)										
2002/03	76%										
2003/04	85%										
2004/05	99%										
2005/06	72%										
Parking occupancy rates.	<ul style="list-style-type: none"> < 85%. 84% achieved. Survey of kerbside parks in Market/Queen Streets/ Maxwell Road and Scott Street plus the off-street car park in Queen Street follows: 										

INDICATOR**TARGET 2005-2006****Car Park Occupancy Control Survey 2005/06**

Carpark Area	Available	Utilised	Occupancy
Market kerbside	22	19	
Queen kerbside	52	41	
Maxwell kerbside	27	21	
Scott kerbside	26	18	
Queen St Off-street	43	43	
Combined	170	142	83.5

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS						
Roads, Streets and Bridges	12,775	10,656	11,177			
Parking	763	596	606			
Total Operating Costs	13,538	11,252	11,783			
Operating Surplus	2,866	3,813	3,932			
	16,404	15,065	15,715			
REVENUE						
Rates				7,317	7,243	6,648
Subsidies and Grants				4,416	6,076	4,473
Other Revenue				3,726	936	3,712
General Revenues Applied				945	810	882
				16,404	15,065	15,715
CAPITAL WORKS						
Roads, Streets and Bridges	7,587	7,918	7,158			
Parking	8	18	8			
Total Capital Works	7,595	7,936	7,166			

Note 1: The subsidy income is below budget due to Transfund declining to approve Regional Projects for subsidy as submitted by Council.

Note 2: The other Revenue is above budget due to additional parking revenue, Roading contributions, Stop Road sales and vested asset income.

Note 3: The unfavourable variance in Roads, Streets and Bridges expenditure is caused by an increase in pavement maintenance and depreciation.

Note 4: The variance in Capital works results from Council not proceeding with the Regional projects as in 1 above. This resultant reduction in works is offset by vested assets.

Note 5:

Operating Costs as above	13,538	11,252	11,783
Less Internal Interest	598	597	598
Operating Costs as per Page 49	12,940	10,655	11,185

RIVERS AND LAND DRAINAGE

What We do & Why We Do It

This activity is primarily focussed on the Wairau floodplain (downstream of the Waihopai River). Picton and Waikawa are also given a high priority. Outside of these areas, and taking account of all risks, costs, and benefits, a lower level of protection work is undertaken.

The Wairau River is as large and powerful as any river in New Zealand with a long history of flood damage requiring river control works. These intervention works have enabled the floodplain to be developed productively. The lower floodplain is particularly low lying because the coast is prograding due to marine processes. This low lying floodplain is not only very flood prone but also requires considerable drainage measures, particularly to combat aquatic weed that impedes the 200 km of minor watercourses and drains. Such measures also have to be done carefully to minimise detrimental impact on the ecological and fishery values of these small watercourses for which there is much increasing community awareness.

INDICATOR	TARGET 2005-2006
Floodway capacity.	<ul style="list-style-type: none"> That rivers and floodways within the Wairau floodplain can cope with a 1 in 100 year return period flood. All floods are monitored with regard to size and flood levels, computer hydraulic models set up and calibrated and remedial action taken as required. <p>River channel dimensions are regularly resurveyed and gravel extraction is managed in a strategic manner so as to improve channel capacity where practical.</p> <p>Outside of the main floodplain the natural river channel capacities are maintained by keeping the channels clear of trees.</p> <p><i>There were no floods in 2005/06 so channel size and capacity were not tested or specifically monitored. Analysis was carried out on the Wairau River channel survey which showed that excessive gravel extraction was occurring in some locations while at other locations it was desirable to extract more. As a result council adopted a new policy for Wairau gravel extraction so as to stop gravel extraction in some areas while encouraging it in others. Further river channel survey of more upstream Wairau riverbed is being initiated. Outside the main Wairau floodplain tributary rivers were kept clear of vegetation within limits of the available budget.</i></p>
River bank erosion	<ul style="list-style-type: none"> That floodplain riverbanks are stabilised to limit erosion by lining with groynes, rock rip rap or trees as appropriate. These are maintained in a sound condition, with regular inspection after freshes and floods. Stockpiles of quarried rock are kept on hand for urgent repair, and appropriate contracts prepared to ensure a work force is available. <p><i>No significant riverbank erosion occurred during the year. Stocks of large rock riprap were built up at council's Pukaka and Waikakaho quarries.</i></p>
Lower Wairau floodplain rural drainage.	<ul style="list-style-type: none"> That minor watercourses and drains are regularly cleared of impeding aquatic weed and sediment. Watercourse specific strategies are developed that achieve desired drainage standards while ensuring ecological, private landowner and other values are provided for. <p><i>Minor watercourses and drains were kept clear by aquatic spraying and excavation of silt. A detailed weed control programme was developed for the Taylor River so as to maximise ecological values of the river while keeping weed under control.</i></p>
Pumping station capability	<ul style="list-style-type: none"> That rural pumping stations are capable of removing local stormwater to the standards specified in the Wairau Drainage Plan 1996. That urban pumping stations, in association with gravity outfall, are capable of controlling urban flood levels so that floors of buildings are not flooded in a 1 in 50 year return period event. <p><i>The pumping stations performed adequately but it should be noted that there were no storms to test out their capacity.</i></p>

INDICATOR	TARGET 2005-2006
Quality of flood hazard analysis and advice.	<ul style="list-style-type: none"> Development of GIS plans showing degrees of flood hazard throughout Marlborough, and the provision of information to the Regulatory Department and the public on feasible and acceptable flood hazard mitigation measures. Substantial advances were made on transcribing flood hazard information on to council's GIS computer information system. Other council staff have been trained in the use of this GIS flood information. Resource consent staff, PIMs and CIMs staff now use this information directly in regulating activities and/or advising the public of flood hazard matters.
Flood control mitigation activities.	<ul style="list-style-type: none"> Where river control works have impacted on the environment to carry out mitigation activities to counteract the detrimental effect. This includes: <ul style="list-style-type: none"> Rewatering Gibsons creek channels to provide groundwater recharge of the Wairau aquifer and other ecological values. The water abstraction from the Wairau into Gibsons Creek was carefully managed last year to achieve ecological values and recharge of the Wairau aquifer. Investigate the feasibility of gravel banking control of the inlet to the Wairau Diversion so as to keep most flow in the lower Wairau except in flood times. Investigation into control banking at the top of the Diversion is continuing. The Opawa Loop is regularly cleared of aquatic weed. The Opawa Loop was regularly sprayed with diquat agrichemical to control the aquatic weed. Secondary activities are allowed in the floodways that provide a blend of ecological riparian habitat, public recreational access and economic leasing. Council owned river floodway berms are continuing to be managed so as to promote secondary use. Particular examples are Spring Creek (aesthetic and biodiversity tree planting), Wairau above SH 6 (public access), Taylor above Burleigh (public access), Lower Opawa (economic leasing). That water levels and resulting flows into and out of Grovetown lagoon are controlled to provide for ecological values as well as drainage values. Consultation is underway at Grovetown lagoon regarding controllable floodgates for better management of water levels and water quality in the lagoon.

Cost of Services - \$000's	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
	2005/06	2005/06	2004/05	2005/06	2005/06	2004/05
OPERATING COSTS				REVENUE		
Wairau Floodplain Rivers	2,310	1,988	2,289	Rates (targeted and general)	2,893	2,869
Wairau Floodplain Drainage	577	512	534	Subsidies and Grants	-	32
Rivers Outside Wairau	144	109	238	Other Revenue	1,923	1,989
Wairau River Leases	170	198	181	General Revenues Applied	14	15
Total Operating Costs	3,201	2,807	3,242			
Operating Surplus	1,629	1,531	1,663			
	4,830	4,338	4,905		4,830	4,905

Cost of Services - \$000's	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
	2005/06	2005/06	2004/05	2005/06	2005/06	2004/05
CAPITAL WORKS						
Wairau Floodplain Rivers	183	455	402			
Wairau Floodplain Drainage	113	85	101			
Rivers outside Wairau	41	-	-			
Total Capital Works	337	540	503			

Note 1: The variance in operating costs relate to Flood damage works.

Note 2: The variance in Other Revenue relates to additional lease income and gravel and rock sales.

WASTEWATER (SEWERAGE)

What We Do & Why We Do It

Council operates five wastewater schemes - in Blenheim, Picton, Havelock, Seddon and Spring Creek. In 2004 Council began construction of a sewer scheme for Renwick which has been connected into the Blenheim system. Treatment in all schemes with the exception of Picton is by oxidation ponds. In Picton the treatment system is an extended aeration activated sludge plant.

Collection, treatment and disposal of wastewater contribute to:

- The health of communities.
- Minimising adverse environmental effects.
- Industrial and residential development.

INDICATOR	TARGET 2005-2006
Blockages.	<ul style="list-style-type: none"> • That no more than 35 identified blockages occur for 100 km of sewer main per year. <p>No area exceeded the target level of no more than 35 blockages per 100 km of sewer main.</p>
Capacity.	<ul style="list-style-type: none"> • Maintained to meet Code of Practice design parameter of dry weather flow by a factor of 4. <p>Council's code of practice establishes the design parameters for subdivisions which extend or link to council's infrastructural network. Conditions are set for all resource consents ensuring the sewer capacity is met. Council reviews the capacity of its sewer networks regularly to ensure that sufficient capacity is available within the network to cope with urban growth. Where necessary sewer mains and pump stations are upgraded to meet demands created from growth. An example of this is the construction of the Battys Road sewer pump station to allow for future growth in the north west of Blenheim.</p>
Customer Response times.	<ul style="list-style-type: none"> • Install 85% of new connections within 10 working days of application or by agreed alternative date. <p>Council used contractors to install many connections to keep ahead of high workloads. Connections were installed in accordance with timeframes agreed with property owners.</p>
Customer Response times.	<ul style="list-style-type: none"> • Respond to 95% of unplanned interruptions or blockages of the sewerage system of such events within two hours, and to restore toilet facilities to all customers affected within six hours of notification. <p>There were no sewer interruptions exceeding six hours. All unplanned interruptions were responded to within two hours.</p>

INDICATOR**TARGET 2005-2006**

Discharge quality.

- Total flow is to be treated prior to discharge through outfall for dispersal to receiving water in accordance with the discharge consent.
The discharge quality at all of council's treatment plants met the conditions for discharge within resource consents with the exception of Blenheim. Details of this incident were reported to council on 1 June 2006.

Asset Maintenance, Renewal and Capital Works Plans in Asset Management Plans.

- Assets managed and operating according to levels of service.
Council maintains and updates asset management systems for wastewater infrastructure, ensuring the desired level of service is achieved.

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE		
Blenheim	3,414	3,184	2,272	Rates	4,277	4,139
Picton	712	720	596	Subsidies and Grants	2,701	3,461
Havelock	101	102	96	Other Revenue	1,769	694
Renwick	34	1,187	-			
Seddon	54	62	50			
Spring Creek	54	50	58			
Total Operating Costs	4,369	5,305	3,072			
Operating Surplus	4,378	2,989	3,556			
	8,747	8,294	6,628	Total Revenue	8,747	8,294
						6,628
CAPITAL WORKS						
Blenheim	3,904	3,922	4,512			
Picton	328	285	210			
Havelock	35	34	7			
Renwick	3,830	2,372	3,170			
Seddon	1	7	-			
Spring Creek	5	23	4			
Total Capital Works	8,103	6,643	7,903			

Note 1: Variances in the Renwick operating and capital expenditure against budget are attributable to the reprogramming of works.

Note 2: The Subsidy Revenue is under budget due to the timing of the Renwick expenditure.

Note 3: The variance in Other Revenue relates to capital works contributions and vested assets

Note 4: Capital works continue for the new Renwick Sewerage Scheme. The 2005/06 expenditure was incurred on pipeline reticulation within the township. The project is scheduled for completion in the 2006/07 year.

The capital works in Blenheim relate to the pipeline and station upgrades in response to growth, and oxidation pond upgrades for residential and industrial wastewater.

Note 5:

Operating Costs as above	4,369	5,305	3,072
Less Internal Interest	985	636	763
Operating Costs as per			
Page 49	3,384	4,669	2,309

STORMWATER

What We do & Why We Do It

Council provides a stormwater drainage system to manage stormwater runoff from urban catchments. Much of the urban development in Blenheim and Picton is in areas that are prone to flooding - stormwater systems are provided to minimise disruptions from rain events and to provide for the safety of residents. Collection and disposal of stormwater contributes to:

- Safety of the community by minimising the incidence of flooding.
- Minimising damage to property from flooding.
- Reduced erosion and water pollution.
- Industrial and residential development.

Stormwater systems are complex and expensive, and a degree of prioritisation is required. Those areas where there is a possibility of water entering houses or commercial buildings are given first priority. Second priority is given to areas where there is a possibility of water entering garages or outbuildings, followed by areas where water may pond on garden areas and roads.

INDICATOR	TARGET 2005-2006
Number of system blockages.	<ul style="list-style-type: none"> • Maintain system to ensure no more than three blockages in a year affect any one property. <i>There were no properties affected by three or more blockages.</i>
Customer Response times.	<ul style="list-style-type: none"> • Install 85 % of new connections within 10 working days of application or by agreed alternative date. <i>Connections were installed in accordance with timeframes agreed with property owners.</i>
Capacity.	<ul style="list-style-type: none"> • Primary system able to cope with a 5 year return period storm, 50% runoff in residential areas. <i>The following is a summary of a 1 in 5 year rainfall event for each of the Marlborough urban areas. During 2004/05 only one of these areas experienced an event that exceeded a return period of 1 in 5, that being in Picton on 15 November 2004. During this event there was minor surface flooding at sumps in lower Dublin St. Planned pump station and mains upgrading will improve the stormwater capacity in this area.</i> <ul style="list-style-type: none"> • <i>Blenheim</i> <i>1 in 5 year (30 min duration) - 10.7 mm</i> <i>No Events Exceeded Threshold</i> <i>Maximum 6 mm 6 June 2006.</i> • <i>Renwick</i> <i>1 in 5 year (30 min duration) – 11.5 mm</i> <i>No Events</i> <i>Maximum 17 mm, 21 March 2006. No stormwater failures were reported during this event.</i> • <i>Havelock</i> <i>1 in 5 year (30 min duration) – 15.9 mm</i> <i>No Events Exceeded Threshold</i> <i>Maximum 12 mm, 12 June 2006.</i> • <i>Picton</i> <i>1 in 5 year (30 min duration) –14.8 mm</i> <i>One Event</i> <i>28 mm, 4 October 2005. No stormwater failures were reported during this event.</i>

INDICATOR				TARGET 2005-2006		
Asset Maintenance, Renewal and Replacement Plans in Asset Management Plans.				<ul style="list-style-type: none"> Assets managed and operating according to levels of service. <p>Council maintains and updates asset management systems for stormwater infrastructure, ensuring the desired level of service is achieved.</p>		
Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE		
Blenheim	703	681	603	Rates	932	921
Picton	205	208	170	Other Revenue	1,038	119
Other Schemes	86	106	50	General Revenues Applied	121	92
Total Operating Costs	994	995	823			
Operating Surplus	1,097	137	918			
	2,091	1,132	1,741		2,091	1,132
					1,132	1,741
CAPITAL WORKS						
Blenheim	1,124	360	1,025			
Picton	579	500	213			
Other Schemes	427	42	311			
Total Capital Works	2,130	902	1,549			

Note 1: The variances in Other Revenue relates to vested assets, connection fees and contributions.

Note 2: The variances in capital expenditure relate to vested assets, and works performed to cater for growth in the Blenheim Northwest Area.

Note 3: Capital works included stormwater reticulation in Renwick required to be performed in conjunction with the sewerage scheme works to mitigate drainage issues. A new stormwater pumping station was constructed at Waitohi Domain to alleviate flooding in the adjacent Picton industrial area.

Note 4:

Operating Costs as above	994	995	823
Less Internal Interest	231	207	209
Operating Costs as per Page 49	763	788	614

WATER SUPPLY

What We do & Why We Do It

Council operates seven water supply systems – in Blenheim, Picton, Havelock, Renwick, Riverlands, Wairau Valley and Awatere, and the Southern Valleys' Irrigation Scheme. With the exception of Awatere and one of the two Picton sources all the schemes in Marlborough utilise groundwater sources.

Providing and maintaining an adequate supply of potable water to consumers and supply for fire fighting purposes contributes to:

- The health of the community.
- Community safety through the fire fighting capability of the water supply system.
- Industrial and residential development.

Providing reticulated irrigation supply enables a wider range of land uses, and contributes to the economic wellbeing of the community.

INDICATOR	TARGET 2005-2006
Water Quality.	<ul style="list-style-type: none"> Compliance with bacteriological (P1) and chemical (P2) determinants of the Drinking Water Standards for NZ 2000. <i>There was one microbiological transgression during the past year in the zones, plants or sources other than for the Awatere water supply which does not meet the requirements of the Drinking Water Standards for NZ. Consultation is currently being undertaken to ascertain if users would like treatment. A 'boil water' notice is in place permanently for that supply. The one event occurred in Blenheim; Council dealt with the event as set down in the Drinking Water Standards for NZ. Priority 2: monthly lead (Pb) samples have been taken and they are all below the detectable limit but further sampling and testing is required to prove the non-aggressiveness of the water. All water sampling results are entered in the Water Information NZ (WINZ) database. The Ministry of Health maintain this database using the information to report the water quality for each supply annually.</i>
Number of system failures.	<ul style="list-style-type: none"> Three unplanned shutdowns/year/connection. <i>There were no connections affected by three unplanned shutdowns.</i>
Customer Response times.	<ul style="list-style-type: none"> To respond to 95% of service interruption events within stated timeframe: <ol style="list-style-type: none"> Within two hours to complaints of lost supply. <i>80% of mains leaks responded to within timeframes.</i> Restore any lost supply within eight hours of the fault. <i>There were no losses of water supply exceeding 8 hours.</i>
Customer Response times.	<ul style="list-style-type: none"> Install 85% of new connections within 10 working days of application, or by agreed alternative date. <i>Due to high workloads very few connections were installed within 10 days. When it was known the 10 day limit could not be achieved Council in consultation with the property owner set times which could be met and which did not disadvantage the owner. Contractors were used to complete these installations to assist keeping up with the demand for new connections.</i>
Asset maintenance renewal and capital works plans in Asset Management Plans.	<ul style="list-style-type: none"> Assets managed and operating according to levels of service. <i>Council maintains and updates asset management systems for water infrastructure, ensuring the desired level of service is achieved.</i>
Capacity.	<ul style="list-style-type: none"> Meet all peak demands for domestic purposes in a drought period (defined as 1 in 20 year return period). <i>The drought of 2001 had return periods for rainfall over the 3 months as follows -- Picton 50 year event; Blenheim 25 year event. There were no water supply restrictions during the last 12 months.</i>
Fire Hydrant Performance.	<ul style="list-style-type: none"> To meet flow requirements in at least 80% of hydrants for fire fighting in accordance with the risk classification of the New Zealand Fire Service Fire Fighting Water Supplies Code of Practice. <i>Areas tested to date show that in excess of 80% of hydrants meet flow requirements.</i>

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05		ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE			
Blenheim	2,224	1,973	1,821	Rates	5,937	5,979	5,465
Picton	858	815	822	Other Revenue	2,128	201	2,128
Renwick	208	207	163				
Havelock	126	132	115				
Awatere	444	281	222				
Riverlands	256	224	225				
Wairau Valley	26	21	23				
Southern Valleys	1,651	1,668	1,115				
Total Operating Costs	5,793	5,321	4,506				
Operating Surplus	1,262	859	3,087				
	7,055	6,180	7,593	Total Revenue	7,055	6,180	7,593
CAPITAL WORKS							
Blenheim	879	1,169	593				
Picton	1,347	392	522				
Renwick	6	690	43				
Havelock	8	124	6				
Awatere	77	150	135				
Riverlands	44	68	527				
Southern Valleys	11	2	6,341				
Total Capital Works	2,372	2,595	8,167				

Note 1: Variances in the Other Revenue relate to contributions, vested assets, connections and network upgrade levies.

Note 2: Variances in the Picton capital expenditure relate to vested assets and reprogrammed works.

Note 3: The Lincoln Street pumping station was completed in 2005/06 to improve water pressure in Waikawa and the higher elevated sections in Picton. A programme of renewals was undertaken in Picton to replace ageing and deteriorating pipelines.

Note 4:

Operating Costs as above 5,793 5,321 4,506

Less Internal Interest 1,689 1,270 1,543

Operating Costs as per 4,104 4,051 2,963

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SOLID AND HAZARDOUS WASTE MANAGEMENT

What We Do & Why We Do It

Council provides waste management services for public health reasons and to protect the environment. Council is committed to a long-term goal of "zero waste and a sustainable Marlborough". This entails reducing the volume of waste that is being created in Marlborough, encouraging reuse of materials, and/or recycling materials into other products. Opportunities to recover any energy potentials, or other resources, are also explored. Where these options have been exhausted, are unavailable, or are not economically feasible, safe containment of some waste products may remain the optimal treatment.

As its first line of action for achieving zero waste, Council conducts education for waste minimisation and sustainability as well as providing support for research programmes and recycling initiatives. These programmes target schools, households, businesses, and industry.

Kerbside refuse collection is provided in Picton and Blenheim and waste transfer stations are operated at seven locations throughout Marlborough. Green waste composting facilities are provided at the Blenheim transfer station, along with a hazardous waste collection facility.

Waste for containment is transported to the regional landfill south of Blenheim on the Taylor Pass Road.

INDICATOR	TARGET 2005-2006
Diversion of organic waste from landfill.	<ul style="list-style-type: none"> Increasing proportion diverted (2003 base). Diversion of greenwaste continues to show a positive trend, increasing by 7% in the last 12 months.
Diversion of construction and demolition waste from landfill.	<ul style="list-style-type: none"> Increasing proportion diverted (2003 base). No additional data has been collected in the last 12 months. A waste analysis survey is programmed for September 2006

INDICATOR	TARGET 2005-2006
Diversion of glass and plastics from landfill.	<ul style="list-style-type: none"> Increasing proportion diverted (2003 base). Council operates drop off facilities in Blenheim and Picton with a centre being developed at the Havelock Transfer Station. 515 people per week use the facility in Blenheim or 9% of households. 41.6 cubic metres per week of material is being recycled. This compares to 28 cubic metres per week at the end of December 2005.
Recovery and recycling rates for hazardous wastes.	<ul style="list-style-type: none"> Increasing proportion recovered and recycled (2003 base). Hazardous wastes remain at less than 1% of the total waste stream reflecting high collection and diversion rates. Council participated in the MfE unwanted agricultural collection during the year. This diverted 15 tonne of material from the waste stream to appropriate disposal.
Environmental impact of landfill sites.	<ul style="list-style-type: none"> 100% compliance with resource consent conditions. 100% compliance achieved.

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE		
Landfill and Transfer Stations	2,604	2,486	2,268	Rates	1,691	1,654
Refuse Collection	873	831	829	Other Revenue	1,553	1,362
				Subsidies and Grants	3	-
				General Revenues Applied	103	100
				Total Revenue	3,350	3,116
				Operating Deficit funded from Reserves	127	201
Total Operating Costs	3,477	3,317	3,097		3,477	3,097
CAPITAL WORKS						
Landfill and Transfer Stations	283	510	1,053			
Total Capital Works	283	510	1,053			

Note 1: Increased operating revenue relates to increased dump fees.

Note 2: Capital works consist of the finalisation of the construction of stage 5 of the regional landfill.

Note 3:

Operating Costs as above	3,477	3,317	3,097
Less Internal Interest	473	387	426
Operating Costs as per Page 49	3,004	2,930	2,671

HARBOUR CONTROL

What We do & Why We Do It

Harbour control is undertaken primarily to ensure safety in Marlborough's waterways. The Marlborough Sounds contain 4,136 square kilometres (total water area) and approximately 1,500 kilometres of coastline that is used extensively for recreational purposes, commercial shipping, fishing and other aquaculture industries. The Council is tasked with the responsibility of addressing matters of navigation and safety within this area, as required in the Local Government Act 2002 and the Maritime Transport Act 1994.

The Maritime Transport Act 1994 also requires councils to prepare, maintain and review Regional Marine Oil Spill Contingency Plans. For the purpose of oil spill response, the Marlborough region's area of responsibility extends to the 12 nautical mile territorial boundary.

INDICATOR	TARGET 2005-2006
Marine farm compliance with lighting requirements.	<ul style="list-style-type: none"> Annual increase compliance rates by 5% over 2002/03 levels. <p>Random audits of marine farm lighting compliance were undertaken and measured against the benchmark (see below in brackets) with the following results:</p> <ul style="list-style-type: none"> No. of farms inspected: 89 (641). No. of farms complaint: 70 (78.6%) (331 (53.9%)). No. of farms with one or more lights extinguished: 16 (18%) (242 (39.4%)). No. of farms with no lights operational: 3 (3.4%) (41 (6.7%)).
Compliance with Marlborough District council Bylaws and relevant Maritime legislation.	<ul style="list-style-type: none"> Annual increase <p>The 'Safe Sounds Boating' pamphlet and on-water patrols generally served to improve understanding of and compliance with Council Navigation Safety Bylaws.</p> <ul style="list-style-type: none"> Reports of non-compliance investigated and responded to within five working days. <p>Where reports of non-compliance were received during patrol hours, the patrol staff were dispatched to the area.</p>
Condition of navigation aid network.	<ul style="list-style-type: none"> Leading lights inspected quarterly, remaining lights bi-annually. <p>The network was inspected and maintained by an external contractor in accordance with these requirements.</p> <p>All lights were inspected as required by the contract.</p> <ul style="list-style-type: none"> Repair outages within 24 hours. <p>There were eight recorded failures attended to within the required timeframe, weather permitting.</p>
Accidents, injuries, and drowning.	<ul style="list-style-type: none"> Annual decline. <p>During the reporting year cycle, four fatalities and one serious injury accident were reported.</p>
Numbers of training exercises.	<ul style="list-style-type: none"> At least one desk-top marine oil spill response management exercise conducted annually. At least one water equipment deployment exercise conducted annually. <p>One major desk-top exercise, which also included a 'wet deployment of response equipment was undertaken in conjunction with national and international participants (May 2006). Styled 'Exercise Hard Rock' local responders at both a management and equipment level initiated a response to a scripted scenario and subsequently integrated with national responders for conclusion of a two-day exercise. Independent feedback rated Marlborough's preparedness and response as very good.</p> <p>In addition, a separate equipment deployment exercise was undertaken during December 2005.</p>
Time to respond.	<ul style="list-style-type: none"> Oil spill reports evaluated within one hour of notification. <p>There were 12 recorded pollution incidents. These were evaluated within the required timeframes and responded to as considered appropriate.</p>

Cost of Services - \$000's	ACTUAL	BUDGET	LAST YEAR		ACTUAL	BUDGET	LAST YEAR
	2005/06	2005/06	2004/05		2005/06	2005/06	2004/05
OPERATING COSTS				REVENUE			
Harbour Control	754	587	687	Rates	369	367	369
				General Revenues Applied	49	48	50
Total Operating Costs	754	587	687	Other Revenue	288	167	205
Operating Surplus	-	-	-	Total Revenue	706	582	624
				Operating Deficit Funded from Reserves	48	5	63
	754	587	687		754	587	687
CAPITAL WORKS							
Harbour Control	54	25	103				
Total Capital Works	54	25	103				

Note 1: The favourable variance in other revenue and expenditure primarily relate to a risk assessment survey.

CONSENTS AND COMPLIANCE

What We Do & Why We Do It

The Resource Management Act 1991 charges Council with the statutory function of receiving, processing and granting resource consents, including certificates of compliance. As a unitary authority, Council is responsible for regional, district as well as coastal functions. There are five types of consents that Council must process:

- Land use, including the erection of buildings and land disturbance, as well as the use of river beds and lakes.
- Subdivision of land.
- Coastal marine, including reclamation of the foreshore or seabed, the erection or demolition of structures and occupancy of the coastal marine area, including marine farming.
- Water, including the taking, damming or diversion of water.
- Discharges of contaminants into the environment, being to water, land or air.

REGULATORY

- 1 Resource Consents
- 2 Compliance
- 3 Building Consents
- 4 Environmental Health

The majority of resource consents are approved subject to conditions. Council works closely with consent holders to ensure compliance.

The Building Act 1991 charges Council with the responsibility for receiving, processing and issuing building consents to ensure compliance with the New Zealand Building Code.

Council also has responsibility to protect and promote public health by undertaking the licensing and inspection of premises and enforcement of standards to ensure compliance with the Health Act 1956, Sale of Liquor Act 1989, Local Government Act 2002, Dangerous Goods Act 1974 and Hazardous Substance and New Organisms Act 1996 and Council Bylaws. Council is also responsible for the abatement of nuisances, control of pollution to air and land, and environmental noise monitoring.

INDICATOR

TARGET 2005-2006

Timeframes for regulatory licensing and consent processing.

- Hold or decline in processing times (2003 base).

Resource Consents

	Compliance	
	Timeframe 2002/03	Timeframe 2005/06
Not required to be notified to the public	69%	64%
Notified	44%	63%
Limited Notification*	0%	38%
Weighted Average	64%	63%
Certificate of Compliance	83%	60%

*The Statute (RMA) changed in August 2004 to make provision for Limited Notification. In comparison by an average result across the processing types, timeframes have been improved.

INDICATOR	TARGET 2005-2006
	<p><u>Building Consents</u></p> <p><i>Total consents issued 2,419 – up 122 (5.3%) from last year. 1,580 applications were processed in 20 days or less and met the statutory targets (65.32% compliance). 839 applications did not meet targets. This represents a major improvement over the previous 12 months. The increase in overall application numbers has made the task of meeting targets difficult. Additional staffing has been taken on with the objective of maintaining the statutory targets.</i></p> <p><u>Liquor Licences</u></p> <p><i>650 liquor licensing applications were received in 2005/2006. 93% were processed in accordance with statutory timeframes.</i></p>
Compliance with resource consent conditions.	<ul style="list-style-type: none"> Maintain a database for the monitoring of resource consents. <i>Monitoring schedules are produced on a monthly basis and assigned to staff to follow up.</i>
Compliance with public health standards.	<ul style="list-style-type: none"> Carry out at least one inspection annually of all registered food premises, and premises registered as hairdressers, camping grounds, offensive trades, funeral directors and mobile traders. <i>362 premises were registered. Of this number 316 premises were inspected involving 395 inspections. Compliance 87%. 370 food stall permits were granted. All 370 food stall permits were checked. Compliance 100%.</i>
Compliance with safety standards for dangerous goods.	<ul style="list-style-type: none"> Carry out at least one inspection annually of all premises where dangerous goods are manufactured, stored or used. <i>Under the Hazardous Substances and New Organisms Act Council is only responsible for ensuring the safety of hazardous substances stored on premises such as private dwellings and public places. As Council does not have any premises that trigger the controls for private dwellings or are public places that are not also work places, no inspections were carried out.</i>
Responsiveness to complaints of non-compliance with Resource Management and Building Act statutory requirements.	<ul style="list-style-type: none"> Resolve all complaints, or develop a resolution strategy, within 21 days of receipt. <i>A total of 427 requests for action were received by the Regulatory Department. 394 were actioned within the target timeframe. Compliance 92.3%.</i>
Pollution incidences, environmental noise, and nuisances within the community.	<ul style="list-style-type: none"> Respond to and investigate incidents that threaten public health within two working days. <i>A total of 951 requests for action were received by the Environmental Health section concerning pollution incidences, environmental noise (includes after hours noise complaints) and nuisances within the community. Compliance 95.7%.</i>

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05		ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE			
Resource Consents	2,057	1,523	2,339	Rates	2,036	2,010	2,032
Legal Section	414	339	-	Other Revenue	3,400	2,653	2,589
PIMS and LIMS	485	536	-	General Revenues Applied	260	256	262
Compliance	358	483	-				
Public Information	52	178	-				
Building Control	1,318	1,162	1,200				
Consent Hearings	418	360	963				
Health and Liquor	312	336	313				
	5,414	4,917	4,815	Total Revenue	5,696	4,919	4,883
Operating Surplus	282	2	68				
Total Operating Costs	5,696	4,919	4,883		4,883	5,696	4,919
CAPITAL WORKS							
Resource Consents		5	-				
Building Consents		1	-				
Resource Consent Hearings		-	2				
Environmental Health	5	2	1				
Total Capital Works	5	8	3				

Note 1: The favourable variance in the Other Revenue is due to increased demand in consent applications, which in turn has resulted in additional Consents and Hearing costs.

ENVIRONMENT

What We Do & Why We Do It

The Environment function of Council is carried out in terms of the requirements of the Resource Management Act 1991 (RMA). This function requires monitoring and reporting on the state of Marlborough's environment - its land, air, water and coastal resources; and the preparation, and review, at not less than 10 year intervals, of policy for managing the natural and physical resources of Marlborough. Ensuring the ongoing involvement of the community in defining issues, developing policy, and through to implementing best practice methods to manage issues is an important part of the function.

Measuring Progress

Measuring progress is primarily achieved through state of environment reporting on regionally significant issues set out in the Marlborough Regional Policy Statement. To date, a formal state of environment report has been prepared annually, in the year following the reporting period. The current format for reporting on state of environment is under review in association with the review of the Marlborough Regional Policy Statement and consequently a state of the environment report has not been produced for this year. While a report has not been produced for this year, Environment activity is described through the following specific outputs.

Outputs

Regional Policy Statement

- Council initiated a 10 yearly review of the Marlborough Regional Policy Statement, including release of a consultation brochure to all Marlborough ratepayers.
- EECA Marlborough renewable energy study completed and report received.

State of Environment Report for 2004-05

- Deferred for incorporation with the Regional Policy Statement review process in 2006 - 2007.

Air

- Air quality monitoring programme and database. Reports and website information. Adoption of a regulated air shed for Blenheim in terms of the National Environmental Standards for Air.

Freshwater

Rainfall and River Flows

- A substantial upgrade was undertaken of the hydrological monitoring network base station software and hardware.
- Hydrological flow and rainfall information made publicly available on the Council website.

Water allocation review

- Irrigation efficiency review – HortResearch - Marlborough Crop Water Use Efficiency Report 2005 and workshop.
- Consultation undertaken for the following catchment communities; Omaka River, Southern Valley Aquifers, Tuamarina River, Waihopai River, Wairau Aquifer – Woodbourne area, Southern Springs area and Rapaura/Kaituna area, Blind River, Wairau River Northern Tributaries (Goulter River to Pukaka River).

Recreational Bathing Water

- Bathing water quality monitoring programme. Reports and website information.
- Collaboration with the Ministry for the Environment in providing the information nationally on a website.

Surface Water Quality

- Review of the surface water quality programme completed, to be implemented next year.

Aquatic Ecology

- Macroinvertebrate monitoring programme continued.
- Targeted fish surveys undertaken.

Groundwater

- Water quality investigations:
- HortResearch report into "Environmental risk assessment of CCA leaching from treated vineyard posts".
- GNS Science report into "Use of O₁₈ as a tracer in Marlborough" for characterising ground water sources.
- Monitoring and recording of water quality in terms of annual monitoring programmes.
- Water quantity investigations:
 - Development of a stream depletion analytical tool and predictor.
 - Report on Groundwater – Wairau River interaction on the Wairau Plain.
 - Southern Valleys aquifer supply and demand review, stage 2.

Land

- Guidelines for new on-site wastewater systems.

Plan changes and variations

- Variation 38 to the Proposed Wairau/Awatare Resource Management Plan – Rural Issues – formally notified in June 2006.
- Report on Transportation Policy and Practice – applicability to RMA plans.
- Succession land use management – Marlborough Sounds – stage 1.
- Plan changes to the Marlborough Sounds Resource Management Plan -
7 on-site discharges of domestic waste water, 9 update and correct zonings and heritage information, 12 Hazard Rules - made operative.
13 (Special Subdivision Rule) decisions released on submissions, appealed.
- Investigations into establishment of a new zone to enable large format retail and extended industrial development – Market Economics report on land requirements, Planit report (draft) on transportation effects.
- Update on urban residential growth trends in Blenheim.
- Papakainga scoping document.
- Oyster Bay private plan change request for rezoning Sounds Rural to Sounds Residential formally accepted for processing by Council.
- Development of a schedule to provide for private schools within the plans.
- A review of the air transport provisions within the District.

Environmental enhancement

- Significant Natural Areas Survey continued in Marlborough Sounds - 28 property reports produced for landowners.
- Carried out 12 environmental protection projects on private land in partnership with land owners.
- Prepared three farm plans, goat control feasibility study for the Medway Valley, Totara seed collection project – report and plant propagation for distribution to ecological restoration projects on private land.
- Newsletter, newspaper articles on SNA programme, convened and coordinated a Tane Tree Trust workshop for Marlborough.

Contaminated sites

- Provision of advice on PIMs and LIMs as required.
- CCA leaching report.
- Applications to Contamination Site Remediation Fund for two Marlborough sites.

Coastal Environment

Recreational bathing water

- Water quality monitoring programme. Reports and website information.

Plan changes

- Variation 3 to the Marlborough Sounds Resource Management Plan – Shipping Activity in the Marlborough Sounds – Environment Court Hearing of appeals and interim decision.

Aquaculture law reform

- Established review process for conditions of marine farm permits.

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05		ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS				REVENUE			
Environment Policy	1,723	1,702	1,182	Rates	2,627	2,597	2,320
Environment Monitoring	1,694	1,349	1,399	Subsidies and Grants	25	0	24
	3,417	3,051	2,581	Other Revenue	48	0	16
Operating Surplus	(382)	(122)	83	General Revenues Applied	335	332	304
Total Operating Costs	3,035	2,929	2,664		3,035	2,929	2,664
CAPITAL WORKS							
Environment Monitoring	77		49				
Total Capital Works	77	0	49				

Note 1: The favourable variance in total operating costs compared to budget is primarily due to reprogrammed projects carried forward from 2004/05 budgets and legal costs associated with appeals to the Marlborough Sounds Plan variation

Note 2: The Capital expenditure was incurred on an upgrade to the Hydrology system.

ANIMAL AND PLANT PESTS – (BIOSECURITY)

What We Do & Why We Do It

This activity helps ensure the economic and ecological sustainability of the District. Council carries out pest management in accordance with National and Regional Pest Management Strategies, prepared in conjunction with stake holders and in compliance with the Regional Policy Statement, and with the Biosecurity Act 1993 and Resource Management Act 1991.

The Regional Pest Management Strategy defines and classifies pests in the region into four categories:

- **Total Control Pests** – pests to be eradicated throughout the region. The onus for control is shared between the land occupier and Council.
- **Containment Pests** – pests that require control to prevent that spread and to reduce overall pest density levels over time. The control of these pests is a legal obligation for the land occupier.
- **Surveillance Pests** – pests which have significance but where the only control is the banning of sale, propagation and distribution. Council provides advice and education as well as carrying out monitoring of that impact and distribution.
- **Ecological Threats** – pests that are regarded as being widely distributed and have been acknowledged as a threat to ecological values. Possible future pest control may be directed at sites with significant ecological values.

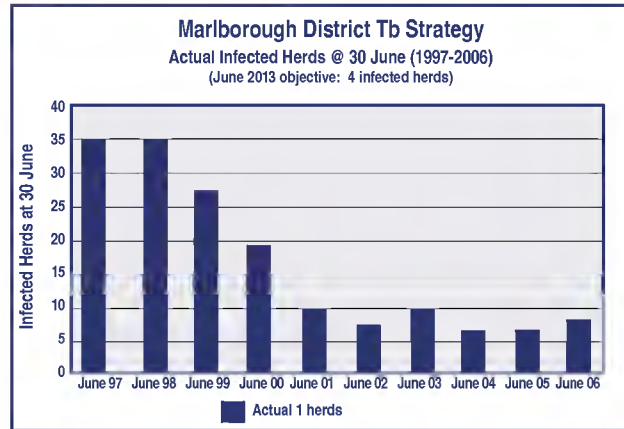
The responsibility for controlling pests lies primarily with land occupiers. A major part of Council's pest management activity is therefore directed towards providing advice to land occupiers on identifying and controlling pests and monitoring to ensure compliance with pest control programmes.

The Council also has a responsibility to provide a service to the Animal Health Board, under a National Pest Management Strategy to reduce the impact of bovine tuberculosis. This involves managing and controlling the feral vectors such as possums and stoats that carry this disease. Central government and Council provide funding for this programme, along with other stakeholders.

Further information is available by viewing Council's Regional Pest Management Strategy or the Biosecurity activities on Council's website or by directly contacting Council for a copy of the regional Pest Management Strategy Operational Plan or Operational Plan report.

INDICATOR	TARGET 2005-2006																		
<p>Long-term (5 year +) trends in containment control plant pests.</p>	<ul style="list-style-type: none"> No new infestations outside known areas. <p><i>Surveillance data collected during 2005/06 resulted in seven new properties being identified as infested with a containment control plant pest.</i></p>																		
<p>Long-term (5 year +) trends in total control pests.</p>	<ul style="list-style-type: none"> Measurable decline over time. <p><i>All known sites of total control pests were visited at least once to instigate control measures.</i></p> <p><i>Trend monitoring of total control plant pest populations indicate a measured decline of pests destroyed over a six year period (refer following graph)</i></p> <div data-bbox="820 871 1442 1234" data-label="Figure"> <table border="1"> <caption>Regional Pest Management Strategy - Total Control Plant Pests - excluding Eel Grass & Boneseed</caption> <thead> <tr> <th>Year</th> <th>Number of Plants Destroyed</th> </tr> </thead> <tbody> <tr> <td>1998/99</td> <td>33,000</td> </tr> <tr> <td>1999/00</td> <td>24,000</td> </tr> <tr> <td>2000/01</td> <td>18,000</td> </tr> <tr> <td>2001/02</td> <td>7,000</td> </tr> <tr> <td>2002/03</td> <td>1,000</td> </tr> <tr> <td>2003/04</td> <td>2,000</td> </tr> <tr> <td>2004/05</td> <td>2,000</td> </tr> <tr> <td>2005/06</td> <td>1,000</td> </tr> </tbody> </table> </div>	Year	Number of Plants Destroyed	1998/99	33,000	1999/00	24,000	2000/01	18,000	2001/02	7,000	2002/03	1,000	2003/04	2,000	2004/05	2,000	2005/06	1,000
Year	Number of Plants Destroyed																		
1998/99	33,000																		
1999/00	24,000																		
2000/01	18,000																		
2001/02	7,000																		
2002/03	1,000																		
2003/04	2,000																		
2004/05	2,000																		
2005/06	1,000																		
<p>Land occupier compliance.</p>	<ul style="list-style-type: none"> 100% compliance where containment control pests exist and control is required under the Regional Pest Management Strategy. <p><i>306 properties with known containment plant pest sites were inspected to ensure land occupiers complied with control programmes and strategy rules. 70 properties were recorded as non compliant during the first inspection resulting in some remedial action.</i></p> <p><i>Escalated enforcement action was required for 35 of these non compliant property occupiers and resulted in 'Notices of Directions' being served, while a further 9 properties required a notice for 'Work on Default'.</i></p> <p><i>29 properties were inspected for rabbit population levels resulting in 4 non compliances. Remedial action is currently under review and subject to further biological investigations to determine rabbit immunity levels to the Rabbit Haemorrhagic Disease.</i></p>																		
<p>Numbers of Tb infected herds.</p>	<ul style="list-style-type: none"> No feral animal infected herds outside existing risk areas. <p><i>No cattle or deer herds were recorded as infected with Bovine Tb from feral vectors in the designated vector free area as at 30 June 2006.</i></p> <ul style="list-style-type: none"> Hold or decline in the number of feral animal infected herds in existing risk areas. <p><i>A total of eight infected cattle and/or deer herds were recorded as at 30 June 2006 (refer following graph).</i></p>																		

INDICATOR **TARGET 2005-2006**



Information source: Animal Health Board.

Possum populations in operational areas.

- Maintain to less than or equal to the residual trap catch level stipulated in the operational plan.

A total of 16 possum control operations or projects covering approximately 312,000ha of the district were completed. All monitoring targets (residual trap catch) were met. Information source Animal Health Board vector database).

NOTE: Further detailed performance and monitoring information relating to Council's Regional Biosecurity activities can be sourced from the Regional Pest Management Strategy Operational Plan Report 2005/06.

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS						
Regional Pest Control	653	626	605			
Bovine Tb Control	2,733	3,610	2,519			
Total Operating Costs	3,386	4,236	3,124			
Operating Surplus	-	-	22			
	3,386	4,236	3,146			
REVENUE						
Rates				838	833	751
Subsidies and Grants				2,031	2,885	1,882
Other Revenue				407	391	411
General Revenues Applied				110	110	102
Total Revenue				3,386	4,219	3,146
Operating Deficit funded from Reserves				0	17	0
				3,386	4,236	3,146

Note 1: Expenditure and subsidy income are less than budget due to Central Government approving a lesser Tb programme than was originally budgeted.

ANIMAL CONTROL

What We Do & Why We Do It

Council carries out animal control functions in accordance with the Dog Control Act 1996, the Impounding Act 1995, and Animal Control Bylaws. This includes control of dogs, stock on public roads and other domestic animals. A large part of the activity involves dogs and dog registrations.

INDICATOR	TARGET 2005-2006
Response times.	<ul style="list-style-type: none"> Attend to dog attacks and rushes which have just occurred within 1 hour. Attend to possible threats to public safety within 5 hours. Attend to complaints of general nuisance within 48 hours. Investigate all other complaints within two working days. <p>Total number of dog related complaints received for the year was 493; as compared with 627 for previous year. Breakdown of complaints:</p> <ul style="list-style-type: none"> Barking – 249 (2004/05); 304 (2005/06). Roaming – 141 (2004/05); 83 (2005/06). Attacks – 90 (2004/05); 41 (2005/06). Other – 147 (2004/05); 65 (2005/06). <p>Total number of registered dogs has increased from 9041 to 9855 during the 2005/06 year. Response times to all complaints as received have been within acceptable/required timeframes from council's perspective given the complexities of resolving specific issues and in light of minimal complaints being received by council with regard to contractor performance.</p>
Cost recovery rates.	<ul style="list-style-type: none"> Recover all dog control costs through registration fees and fines. <p>Dog registration fees exceeded required budget income by \$12,555. This enabled fees for 2006/07 registration year to be held at 2005/06 level. Pound fees recovered totalled \$12,483. Projected income was \$12,500.</p>

Cost of Services - \$000's	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05	ACTUAL 2005/06	BUDGET 2005/06	LAST YEAR 2004/05
OPERATING COSTS						
Animal Control	398	437	332			
Operating Surplus	92	(2)	111			
	443	297	277			
REVENUE						
Rates				55	55	51
User Charges				428	373	385
General Revenues Applied				7	7	7
	490	435	443			
CAPITAL WORKS						
Animal Control	4		10			
Total Capital Works	4	-	10			

MARLBOROUGH REGIONAL FORESTRY (Joint Committee)

Goal: To maximise return on investment.

Marlborough Regional Forestry (MRF) is a joint committee of the Marlborough District Council and the Kaikoura District Council (KDC). MDC owns 88.62% of the forestry estate and KDC owns the remaining 11.38%. The estate was valued at \$26.4 million as at 30 June 2005.

The primary aim of production forest management is to create a resource that will maximise utilisation and provide the best financial return from the predominantly radiata pine forests.

Clear felling operations, which have commenced are expected to reach a sustainable annual harvest of 80,000m³.

Distributions made to Council will in the first instance repay advances provided for projects such as the Picton sewage treatment plant and Renwick sewerage. Funds remaining have been set aside to fund infrastructure projects in accordance with the contributions made by the different areas within Marlborough.

OBJECTIVE FOR 2005/2006	PERFORMANCE INDICATORS
To ensure the programme of timber extraction maximises return on investment.	<ul style="list-style-type: none"> Harvesting strategy maintained. Harvesting strategy updated annually; 100,000 m³ planned actual cut 92,000 m³. Operating plans for pruning, maintenance and replanting reviewed annually. Achieved.

MDC HOLDINGS LIMITED

MDC Holdings is a council-controlled trading organisation (CCTO) and is owned 100% by the Marlborough District Council. Council established MDC Holdings Limited for the purposes of separating the commercial trading activities of the Council from the other functions carried out by the Council; to provide the means for bringing the main trading enterprises of the Marlborough District Council together into one structure; and to obtain commercial borrowing facilities at the most attractive rates attainable.

Port Marlborough New Zealand Limited and Marlborough Airport Limited are subsidiaries of MDC Holdings Limited. While the Marlborough District Council owns 100% of the shares through MDC Holdings Limited, its intent is that Port Marlborough operates as a separate commercial entity in a completely commercial manner.

Marlborough Airport Limited is responsible for the maintenance of the runways and taxiways used by civil aircraft as well as the provision of a terminal facility with associated minor freight handling.

OBJECTIVE FOR 2005/2006	PERFORMANCE INDICATORS
To operate as a successful holding company.	<ul style="list-style-type: none"> Prepare and forward financial statements to Council in accordance with legislative requirements. Achieved. Report annually to Council on the performance of the subsidiary trading enterprises. Achieved – regular reports to Council on development plans made by Port Company. Report annually to Council on the level and rate of its borrowings. Achieved.

STATEMENT OF FINANCIAL PERFORMANCE

Statement of Financial Performance for the year ended 30 June

	NOTES	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL	ACTUAL	ACTUAL	ANNUAL PLAN	ACTUAL
		2005/06	2004/05	2005/06	2005/06	2004/05
		\$000's	\$000's	\$000's	\$000's	\$000's
EXPENDITURE						
Democratic Process		2,053	2,023	2,053	1,935	2,023
Community Services	(2)	6,848	6,311	6,848	6,762	6,311
Regional Development		1,134	829	1,134	1,736	829
Emergency Management		495	521	495	546	521
Land Transport	(2)	12,940	11,185	12,940	10,655	11,185
Rivers and Drainage		3,201	3,242	3,201	2,807	3,242
Wastewater (Sewerage)	(2)	3,384	2,309	3,384	4,669	2,309
Stormwater	(2)	763	614	763	788	614
Water Supply	(2)	4,104	2,963	4,104	4,051	2,963
Solid and Hazardous Waste Management	(2)	3,004	2,671	3,004	2,930	2,671
Harbour Control		754	687	754	587	687
Consents and Compliance		5,414	4,815	5,414	4,917	4,815
Environment		3,417	2,581	3,417	3,051	2,581
Biosecurity		3,386	3,124	3,386	4,236	3,124
Animal Control		398	332	398	437	332
		51,295	44,207	51,295	50,107	44,207
General District Expenses	(2)	1,016	1,215	1,016	832	1,215
Marlborough Regional Forestry Expenditure	(14)	4,168	2,718	4,168	547	2,718
Total Expenditure Council Services		56,479	48,140	56,479	51,486	48,140
SUBSIDIARIES EXPENDITURE						
MDC Holdings (Consolidated)		12,603	11,106	0	0	0
Total Expenditure		69,082	59,246	56,479	51,486	48,140
REVENUE						
Rates		36,662	34,389	36,941	36,405	34,572
Subsidies and Grants		9,469	7,671	9,469	12,450	7,671
Interest		1,343	1,002	1,343	823	1,002
Dividends		0	9	505	595	9
Other Income	(6)	18,044	17,890	18,154	11,544	18,143
Marlborough Regional Forestry	(14)	7,005	4,359	7,005	2,799	4,359
Total Revenue Council Services		72,523	65,320	73,417	64,616	65,756
SUBSIDIARIES REVENUE						
MDC Holdings Limited (Consolidated)		17,125	15,514	0	0	0
Total Revenue		89,648	80,834	73,417	64,616	65,756
Operating Surplus / (Deficit)		20,566	21,588	16,938	13,130	17,616
Assets vested in Council from Subdivisions		4,151	4,142	4,151	0	4,142
Surplus / (Deficit)		24,717	25,730	21,089	13,130	21,758
Less Taxation	(7)	1,444	1,389	0	0	0
Net Surplus / (Deficit) After Taxation		23,273	24,341	21,089	13,130	21,758

STATEMENT OF MOVEMENTS IN EQUITY

Statement of Movements in Equity for the year ended 30 June

	NOTES	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL	ACTUAL	ACTUAL	ANNUAL PLAN	ACTUAL
		2005/06	2004/05	2005/06	2005/06	2004/05
		\$000's	\$000's	\$000's	\$000's	\$000's
Equity at the beginning of the year		640,508	618,418	627,110	617,128	607,603
Surplus and Revaluations						
Net surplus for the period		23,273	24,341	21,089	13,130	21,758
Revaluation of Fixed Assets	(9)	144,651	(2,251)	144,651	0	(2,251)
Total recognised revenues and expenses		167,924	22,090	165,740	13,130	19,507
Closing Ratepayers Equity		808,432	640,508	792,850	630,258	627,110

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 30 June

	NOTES	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL	ACTUAL	ACTUAL	ANNUAL PLAN	ACTUAL
		2005/06	2004/05	2005/06	2005/06	2004/05
		\$000's	\$000's	\$000's	\$000's	\$000's
RATEPAYERS' EQUITY AND MINORITY INTERESTS						
Accumulated funds	(8)	466,870	446,435	453,904	437,391	435,653
Ordinary and Council Created Reserves	(8)	25,794	25,012	23,178	30,360	22,396
Restricted Reserves	(8)	12,618	10,134	12,618	0	10,134
Revaluation Reserve	(9)	303,150	158,927	303,150	162,507	158,927
Total Ratepayers Equity		808,432	640,508	792,850	630,258	627,110
<i>Represented by:-</i>						
CURRENT ASSETS						
Cash and Deposits	(10)	14,477	13,417	12,864	11,026	11,403
Receivables and Prepayments	(11)	8,294	8,783	6,642	4,463	6,451
Stocks		224	338	51	766	136
Tax refund due		791	410	0	0	0
Properties for Sale		321	468	321	0	468
		24,107	23,416	19,878	16,255	18,458
CURRENT LIABILITIES						
Bank Current Account		650	968	650	0	968
Payables and Accruals	(16)	12,211	10,179	8,573	9,819	8,282
Deposits Trusts and Agencies	(17)	1,707	1,330	1,707	1,662	1,330
Provision for Taxation		16	15	0	0	0
Current portion of Term Liabilities	(18)	68	1,062	68	0	1,062
		14,652	13,554	10,998	11,481	11,642
Working Capital		9,455	9,862	8,880	4,774	6,816
NON CURRENT ASSETS						
Deferred Taxation	(7)	571	490	0	0	0
Investments	(13)	9,565	6,113	16,990	19,562	13,113
Fixed Assets	(12)	822,199	660,269	768,845	626,642	609,114
		832,335	666,872	785,835	646,204	622,227
Less Non Current Liabilities	(18)	33,358	36,226	1,865	20,720	1,933
Net Assets		808,432	640,508	792,850	630,258	627,110

Signed on behalf of Council by



Andrew Besley
Chief Executive
10 October 2006



Alistair Sowman
Mayor
10 October 2006

STATEMENT OF CASHFLOWS

For the Year Ended 30 June

	NOTES	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL		
		ACTUAL 2005/06 \$000's	ACTUAL 2004/05 \$000's	ACTUAL 2005/06 \$000's	ANNUAL PLAN 2005/06 \$000's	ACTUAL 2004/05 \$000's
OPERATING ACTIVITIES						
CASH WAS PROVIDED FROM:						
Rates		36,720	34,394	36,999	36,405	34,577
Monies from deposits, agency and in trust		1,200	1,541	1,200	0	1,541
Receipts from customers		50,198	39,266	32,653	27,144	25,511
Interest received		1,266	947	1,266	832	947
Dividends		0	9	505	595	9
Net GST		0	534	0	0	316
		89,384	76,691	72,623	64,976	62,901
CASH WAS DISBURSED TO:						
Payments to suppliers and employees		49,235	45,189	45,057	41,286	38,842
Interest paid		2,405	2,405	0	1,366	90
Deposits, agency, trust fund money refunded		823	2,069	823	0	2,069
Taxes paid		1,905	1,831	0	0	0
Net GST		68	0	79	0	0
		54,436	51,494	45,959	42,652	41,001
Net Cash Flows from Operations	(20)	34,948	25,197	26,664	22,324	21,900
INVESTING ACTIVITIES						
CASH WAS PROVIDED FROM:						
Sale of assets		2,514	7,757	2,514	39	7,757
Proceeds from sale of investments		2,022	3,091	2,022	404	3,091
		4,536	10,848	4,536	443	10,848
CASH WAS SUPPLIED TO:						
Purchase of fixed and forestry assets		28,584	34,206	22,474	21,408	30,210
Purchase of investments		5,474	2,280	5,899	2,583	1,840
		34,058	36,486	28,373	23,991	32,050
Net Cash Flow from Investing Activities		(29,522)	(25,638)	(23,837)	(23,548)	(21,202)
FINANCING ACTIVITIES						
CASH WAS PROVIDED FROM:						
Loans raised		0	950	0	5,930	0
		0	950	0	5,930	0
CASH WAS APPLIED TO:						
Loans repaid		4,048	170	1,048	816	170
		4,048	170	1,048	816	170
Net Cash Flow from Financing Activities		(4,048)	780	(1,048)	5,114	(170)
Net Increase / (Decrease) in Cash		1,378	339	1,779	3,890	528
Add opening cash		12,449	12,110	10,435	7,136	9,907
Ending Cash Balance		13,827	12,449	12,214	11,026	10,435
REPRESENTED BY:						
Cash and Bank		2,807	2,954	1,194	11,026	940
Bank Overdraft		(650)	(968)	(650)		(968)
Short Term Investments		11,670	10,463	11,670		10,463
		13,827	12,449	12,214	11,026	10,435

STATEMENT OF COMMITMENTS AND CONTINGENCIES

Commitments:

(A) Council

These represent contracts entered into but the goods or services have either not been received or the work has not been completed as of 30 June 2006. Total commitments for Council are 2005/2006 \$5,425,088 (2004/2005 \$5,792,542).

A summary of commitments is as follows:

Office Services - Administration Building Extension

• Building	\$185,636
• Architect Fees	\$10,780
• Telephone system	\$194,805

Economic

• Conference Centre (Marlborough Combined Clubs)	\$3,950,000
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Reserves and Amenities

• Queen Street Toilet Extension	\$106,605
• Endeavour Park Sportsfield Development Consultancy Services	\$109,708
• Parklands Reserve Playground Development	\$49,806

Land Transport

• Murphy's Road Reconstruction	\$359,816
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Services and Operations

• Parklands Water Tanks	\$114,189
• Nelson Street Watermains	\$80,894
• CMP Sewer	\$34,734
• Severne Street Sewer Connection	\$9,899
• Battys Road Sewer Pump Station Switchboard	\$46,896
• Blenheim Industrial Aeration Pond I2 Switchboard	\$49,842
• Renwick Sewerage scheme - Contract 03/24	\$72,637
• Renwick Sewerage & Stormwater schemes - Professional services	\$48,841

TOTAL **\$5,425,088**

Intentions to Commit:

Your attention is drawn to the Long Term Council Community Plan for July 2006 to June 2007. This document is available from Council offices and agencies and shows details of our intentions for the next year in particular, and the ensuing nine years in general terms.

(B) Port Marlborough

Total capital expenditure contracted for at balance date but not provided for in the accounts \$66,000 (2005: \$1,784,000).

Contingent Assets and Liabilities:

Contingent Liabilities

	ACTUAL - 2005/06 \$000's	ACTUAL - 2004/05 \$000's
• Guarantees to Sporting and Community Organisations	20	90
• Uncalled Capital in MDC Holdings Limited	40,000	40,000
• Other Legal proceedings	20	0

Contingent Assets

There were no contingent assets at 30 June 2006 (2005: Nil).

STATEMENT OF FINANCIAL INTEREST IN SUBSIDIARIES

Marlborough District Council has control over MDC Holdings Limited (100% owned). Council's financial interest in MDC Holdings include:

- **\$6,000,000 Share Capital**

NOTES TO THE FINANCIAL STATEMENTS

1 Expenditure Disclosures

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Audit Fees				
- Audit NZ - Annual Audit	86	81	86	75
- LTCCP Audit	46	0	46	0
- Other Auditors	57	28	0	0
- Other Services	0	10	0	5
Bad Debts				
- Write-offs	178	196	172	180
- Increase in Provision	16	(17)	16	(17)
Councillors and Directors Fees	675	592	498	458
Depreciation / Amortisation				
- Landfill	457	586	457	586
- Bridges	796	593	796	593
- Buildings	817	724	449	450
- Carparks	98	46	98	46
- Library books	135	139	135	139
- Office Equipment, Furniture and Equipment	981	840	703	730
- Parking Meters	43	36	43	36
- Plant Machinery and Equipment	464	559	326	230
- Public Conveniences	26	26	26	26
- Reserves	117	108	117	108
- River Works	96	93	96	93
- Roads and Streets	5066	3,805	4,709	3,506
- Sewerage schemes	825	593	825	593
- Stormwater Drainage Systems	383	284	383	284
- War Memorials	2	2	2	2
- Water Supply Schemes	1189	723	1,189	723
- Wharves	834	807	0	0
Total depreciation	12,329	9,964	10,354	8,145
Loss/(Gain) on Sale	(1924)	(2,808)	(1,924)	(2,808)
Grants and Donations	1,558	1,449	1,523	1,422
Interest Expense	3377	2,405	47	90
Lease of Equipment	512	493	443	424
Rentals	73	58	73	58

2 Internal Interest Eliminations

Interest on internally financed loans has been charged to the Significant Activity Accounts for the current year. This interest has been eliminated in the Statement of Financial Performance as follows:

Activity	Marlborough District Council	
	2005/06 \$000's	2004/05 \$000's
Community Amenities / Services	214	209
Land Transport and Other Services	598	598
Sewerage	985	763
Stormwater	231	209
Waste Management	473	426
Water	1,689	1,543
General District Expenses	9	10
Total Elimination	4,199	3,758

3 Remuneration of Elected Members

During the year to 30 June 2006, the total remuneration and value of other non-financial benefits received or payable to the Mayor and other Councillors were as follows:

	2005/06 \$	2004/05 \$
Alistair Sowman	97,926	71,669
Tom Harrison	0	30,768
Jenny Andrews	38,150	27,782
Andrew Barker	42,604	35,936
Cliff Bowers	30,935	27,030
Jill Bunting	44,687	26,834
Cherlyn Cairns	0	11,833
Frank Connor	22,032	20,384
John Craighead	26,581	23,794
Liz Davidson	40,930	34,210
David Dew	0	9,925
Gerald Hope	33,048	20,455
Francis Maher	33,048	33,304
Ian Mitchell	0	12,305
Pat O'Sullivan	22,032	13,767
Graeme Taylor	22,032	13,767
Graeme Barsanti	22,032	23,692
Nigel Weetman	22,032	13,767
Larry Pigou	0	6,617
	498,069	457,839

4 Remuneration of the Chief Executive

For the year ended 30 June 2006, the Chief Executive of the Marlborough District Council, appointed under Section 42 (1) of the Local Government Act 2002, received a total remuneration package of \$239,003. For the year ended 30 June 2005, the total remuneration package was \$217,725. (The remuneration package includes an assessed benefit for the use of a motor vehicle, and fringe benefit tax thereon).

5 Severance Payments

In accordance with Schedule 10, Section 19 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made as defined under that legislation. For the year ended 30 June 2006 Council did not make any payments that required disclosure under the Local Government Act 2002 (2005: Nil).

6 Reconciliation of Other Income

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Significant Activity Other Income	12,494	11,678	12,494	11,678
Other Revenues				
Land Subdivision Revenues	1,944	1,780	1,944	1,780
Development Impact Levies	346	341	346	341
Other MDC Activities	3,381	4,344	3,381	4,344
Inter Company Eliminations	(121)	(253)	(11)	0
Total Council Other Income	18,044	17,890	18,154	18,143

7 Taxation

Profit Before Taxation	24,717	25,730	21,089	21,758
Prima Facie Tax at 33%	8,157	8,491	6,959	7,180
Plus (less) effect of permanent differences	(6,713)	(7,102)	(6,959)	(7,180)
Group tax loss offset	7	0	0	0
Prior period adjustment	(7)	0	0	0
	1,444	1,389	0	0
Comprising: Current tax	1,525	1,475	0	0
Deferred tax	(81)	(86)	0	0
	1,444	1,389	0	0

Within the group tax losses available to be carried forward are Loss Offset \$923,178 (2005: \$1,025,558) with a tax effect of \$304,649 (2005: \$338,434). Last years losses were subsequently utilised through loss offsets of \$1,025,558 and subvention payment of \$505,125. Similarly the current years losses will be used to reduce group tax payments in the 2006/07 year.

DEFERRED TAX ACCOUNT

Opening balance	490	404	0	0
Port Marlborough Prior Year Adjustment	(7)	0	0	0
Current year's movement	88	86	0	0
Closing balance	571	490	0	0

TAX IMPUTATION ACCOUNT

Opening Balance	13,460	11,848	0	0
<i>Credits:</i>				
Income tax payments	2,170	1,612	0	0
Imputation credits attached to dividends paid or payable	58	0	0	0
Income tax refund	(89)	0	0	0
Imputation credits attached to dividends received	0	0	0	0
Closing balance	15,599	13,460	0	0

At 30 June, the imputation credits available to the shareholders of the parent Company were:

Through Direct Shareholding in the Parent Company	3,979	3,170	0	0
Through indirect interest in the Subsidiaries	11,620	10,290	0	0
Closing balance	15,599	13,460	0	0

- The Council's financial statements report dividends net of imputation tax credits.

8 Movements in Equity

Accumulated Fund

Opening Balance	446,435	425,771	435,653	417,572
Surplus / (deficit)	23,273	24,341	21,089	21,758
Transfers (To) / From Reserves	(2,838)	(3,677)	(2,838)	(3,677)
Closing Balance	466,870	446,435	453,904	435,653

Ordinary and Council Created Reserves

Opening Balance	25,012	22,851	22,396	20,235
Transfers (To) / From Accumulated Fund	782	2,161	782	2,161
Closing Balance	25,794	25,012	23,178	22,396

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Restricted Reserves				
Opening Balance	10,134	7,292	10,134	7,292
Transfers (To) / From Accumulated Fund	2,484	2,842	2,484	2,842
Closing Balance	12,618	10,134	12,618	10,134

9 Revaluation Reserve

Opening Balance				
- Land	57,545	58,790	57,545	58,790
- Buildings and Improvements	6,482	6,482	6,482	6,482
- Forestry Crop	14,173	16,506	14,173	16,506
- Roading	29,707	29,707	29,707	29,707
- Bridges	134	134	134	134
- Rivers	18,926	18,926	18,926	18,926
- Sewerage	8,947	8,947	8,947	8,947
- Stormwater	11,336	11,336	11,336	11,336
- Water	10,572	10,572	10,572	10,572
- Car Parks	1,104	1,104	1,104	1,104
Plus Revaluations	0	0	0	0
- Land	866	82	866	82
- Forestry Crop	(5,006)	(2,333)	(5,006)	(2,333)
- Car Parks	618	0	618	0
- River and land Drainage assets	15,085	0	15,085	0
- Roads	120,669	0	120,669	0
- Sewerage	1,736	0	1,736	0
- Stormwater	740	0	740	0
- Water	9,944	0	9,944	0
- Transfers (To) / From Accumulated Fund	(428)	(1,326)	(428)	(1,326)
	303,150	158,927	303,150	158,927

10 Cash and Deposits

Cash Floats	2	2	2	2
Current Accounts	2,805	2,952	1,192	938
Term Deposits	11,670	10,463	11,670	10,463
	14,477	13,417	12,864	11,403

Funds Which Have Legal Restrictions

Within the definition of cash for the Statement of Cash Flows, and within both bank and Deposits per the Consolidated Statement of Financial Position of the Council, there are \$14,319,000 of funds which have legal restrictions.(2005: \$11,464,000).

11 Receivables and Prepayments

Sundry	100	158	100	158
G.S.T. Receivable	580	553	580	553
Trade Debtors (includes rates)	4,693	7,229	2,943	4,437
Less Provision for Doubtful Debts	(191)	(145)	(93)	(110)
	5,182	7,795	3,530	5,038
Roading Subsidy	1,280	495	1,280	495
Prepayments and Accruals	1,832	493	1,832	918
	8,294	8,783	6,642	6,451

12. Fixed Assets

MARLBOROUGH DISTRICT COUNCIL	COST OR VALUATION \$000's	ACCUMULATED DEPRECIATION \$000's	30/06/06 BOOK VALUE \$000's	30/06/05 BOOK VALUE \$000's
(a) Operational Assets				
Work in Progress	1,773	0	1,773	1,423
Buildings	23,042	1,172	21,870	20,341
Forest Crops	14,263	0	14,263	19,072
Land	59,400	0	59,400	55,400
Landfill	6,820	4,338	2,482	2,939
Library Books	3,614	2,487	1,127	1,075
Other Structures and Improvements	3,315	266	3,049	2,933
Office Equip, Furnishings & Fittings	7,716	5,781	1,935	1,984
Paintings	52	0	52	52
Parking Meters	436	308	128	161
Plant, Machinery & Equipment	4,897	2,335	2,562	2,417
	125,328	16,687	108,641	107,797
(b) Infrastructural Assets				
Work in Progress	5,018	0	5,018	3,770
Bridges	31,442	796	30,646	25,285
Car parks	9,241	120	9,121	6,877
Public Conveniences	1,801	56	1,745	1,772
Reserves and Parks	27,025	563	26,462	26,574
River Works	111,895	97	111,798	96,318
Roads and Streets	343,856	4,668	339,188	223,011
Sewerage Schemes	53,401	859	52,542	45,039
Stormwater Drainage Schemes	24,036	385	23,651	21,618
War Memorials	323	20	303	304
Water Supply Schemes	60,866	1,136	59,730	50,749
	668,904	8,700	660,204	501,317
Total Operational and Infrastructural Assets	794,232	25,387	768,845	609,114
Consolidated Assets				
(a) Operational Assets				
Work in Progress	2,814	0	2,814	3,025
Buildings and Improvements	35,806	3,561	32,245	29,261
Forest Crops	14,263	0	14,263	19,072
Land	65,228	0	65,228	77,259
Land Development	70,747	155	70,592	65,228
Landfill	6,820	4,338	2,482	2,939
Library Books	3,614	2,487	1,127	1,075
Office Equip, Furnishings & Fittings	10,098	6,792	3,306	2,239
Other Structures and Improvements	2,201	266	1,935	2,933
Paintings	52	0	52	52
Parking Meters	436	308	128	161
Plant, Machinery & Equipment	9,484	5,294	4,190	4,190
	156,335	23,201	133,134	130,175
(b) Infrastructural Assets				
Work in Progress	5,018	0	5,018	3,770
Bridges	31,442	796	30,646	25,285
Car parks (unmetered areas)	9,241	120	9,121	6,877
Public Conveniences	1,801	56	1,745	1,772
Reserves and Parks	27,025	563	26,462	26,574
River Works	111,895	97	111,798	96,318
Roads and Streets	353,763	7,221	346,542	230,052
Sewerage Schemes	53,401	859	52,542	45,039
Stormwater Drainage Schemes	24,036	385	23,651	21,618
War Memorials	323	20	303	304
Water Supply Schemes	60,866	1,136	59,730	50,749
Wharves	28,513	7,006	21,507	21,736
	707,324	18,259	689,065	530,094
Total Operational and Infrastructural Assets	863,659	41,460	822,199	660,269

Fair Value of Land and Improvements

The Council considers the carrying value of land and improvements to be the fair value.

Urban Portions of the State Highway Network

The ownership of urban portions of the State Highway Network is unclear although there is legal opinion indicating that the ownership resides with local authorities. Transit NZ maintains these highways in their entirety without any costs accruing to the local authorities.

As a consequence even if ownership resides with local authorities, in practice Transit New Zealand controls the economic resources. Pending clarification of ownership and further consideration of the accounting issues which may arise, Council has not recognised the urban portion of the carriageway of the State Highway Network as an asset in these financial statements. The estimated distance of highway involved is 18 kilometres. The footpaths, kerb and channel and streetlighting are recognised as assets of Council.

13 Investments

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Term Deposits	9,042	5,507	9,042	5,507
Shares - MDC Holdings Limited	0	0	6,000	6,000
- Other	75	75	1,500	1,075
Mortgage Advances	448	531	448	531
	9,565	6,113	16,990	13,113

14 Joint Venture

The group has an 88.62% participating interest in Marlborough Regional Forestry. The Principal activity is forestry.

(a) Share of assets employed

The Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below:

Fixed assets				
Forest crops	13,887	18,695	13,887	18,695
Land	6,092	4,674	6,092	4,674
Plant	27	26	27	26
Current assets				
Cash	1,492	1,345	1,492	1,345
Debtors	677	413	677	413
Share of assets employed	22,175	25,153	22,175	25,153
(b) Share of Liabilities				
Term Liabilities	234	288	234	288
Current Liabilities	503	1,558	503	1,558
Share of Liabilities employed	737	1,846	737	1,846
(c) Share of net expenses	4,168	2,718	4,168	2,718
(d) Share of revenue	7,005	4,359	7,005	4,359

15 Bank Overdraft Facility

Although Marlborough District Council had no formal overdraft facility in place as at 30.06.06, a "setoff" facility was in place which allows Council to have its net position assessed on the 00, 02, 03, 05, 06, and 08 accounts. The interest rates are 11.15% (overdraft) and 2.25% in funds. Interest accrues daily and is paid at the end of the month.

16 Payables and Accruals

Trade Creditors	3,183	3,119	2,413	2,090
G.S.T. Payable	76	47	76	47
Wages, including Holiday Pay	1,442	1,163	1,097	950
Interest	0	0	0	0
Other Sundry Accruals	7,510	5,850	4,985	4,823
Inter Entity Payables	0	0	2	372
	12,211	10,179	8,573	8,282

17 Deposits, Trust Funds and Agencies

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Deposits	1,274	1,171	1,274	1,171
Monies held as agent	228	(36)	228	(36)
Trust Funds	205	195	205	195
	1,707	1,330	1,707	1,330

18 Non Current Liabilities

Loan Maturities and Interest Rates

Maturity

Up to one year	68	1,062	68	1,062
One to two years	30,414	33,180	234	0
Two to three years		0		0
Three to four years		0		0
Four to five years		288		288
Five to ten years		0		0
Over ten years		0		0
	30,482	34,530	302	1,350
Loans	30,482	34,530	302	1,350
Less Current Portion	(68)	(1,062)	(68)	(1,062)
Balance 30 June	30,414	33,468	234	288
Provisions				
Employee Entitlements	1,105	1,172	1,105	1,172
Provision for Landfill aftercare	526	473	526	473
Provision for runway reseal	1,313	1,113	0	0
Total Non Current Liabilities	33,358	36,226	1,865	1,933

MDC Holdings Limited

The weighted interest rate on the MDCHL BNZ loan is 7.37% (2005: 6.24%). Interest on Port Marlborough NZ Limited loans range from 6.51% to 7.82% (2005: 7.12% to 7.19%). It is intended that these loans are to be rolled as per funding requirements. The MDCHL loan is secured by a first charge debenture against the assets and undertakings. Other loans are secured by a mortgage over certain properties.

Council

Interest rates range from 5% to 7% (2005: 5% to 7%).

19 Landfill Aftercare Liability

Marlborough District Council gained a resource consent in November 1995 to operate the Blenheim Landfill. The Council has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

There are closure and post closure responsibilities such as the following:

Closure responsibilities:

- final cover application and vegetation
- incremental drainage control features
- completing facilities for leachate collection and monitoring
- completing facilities for water quality monitoring
- completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- treatment and monitoring of leachate
- ground water and surface monitoring
- gas monitoring and recovery
- implementation of remedial measures such as needed for cover, and control systems
- ongoing site maintenance for drainage systems, final cover and vegetation.

To provide for the estimated cost a charge is made each year.

The estimated liability for closure and post closure is \$3.0m.

Capacity of the Site

- The remaining capacity of the site is 2.1 million cubic meters (refuse cleanfill and cover).
- The estimated remaining life is 41 years. Estimates of the life have been made by the Council's engineers based on historical volume information. These estimates assume the granting of Resource Consent renewals.

20 Reconciliation of Cashflows from Operating Activities with Reported Operating Surplus

	CONSOLIDATED		MARLBOROUGH DISTRICT COUNCIL	
	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Net Surplus / (deficit) from operations	23,273	24,341	21,089	21,758
Add / (Less) non cash Items:				
Depreciation	12,329	9,964	10,354	8,145
Assets vested in Council	(4,151)	(4,142)	(4,151)	(4,142)
Movement in deferred tax	(81)	(86)	0	0
Runway Seal Provision	200	200	0	0
Landfill after Care Provision	53	36	53	36
	8,350	5,972	6,256	4,039
Add / (Less) movements in other working capital items:				
Increase/(decrease) in accounts payable and accruals	7,735	(216)	1,880	(693)
Increase/(decrease) in accounts receivable and accruals	489	(2,180)	(191)	(1,236)
(Increase)/decrease in inventory	114	14	85	30
Increase/(decrease) in trusts deposits agencies	377	(528)	377	(528)
Increase/(decrease) in taxation asset provision	(380)	(356)	0	0
	8,335	(3,266)	2,151	(2,427)
Add / (Less) items classified as investing activities:				
Net loss / (gain) on sale of assets	(1,924)	(2,808)	(1,924)	(2,808)
Movement in fixed asset related accounts payable	(3,019)	964	(841)	1,342
Movement in Non Current Employee Entitlements	(67)	(6)	(67)	(4)
	(5,010)	(1,850)	(2,832)	(1,470)
Net cash flows from operating activities	34,948	25,197	26,664	21,900

21 Major Budget Variations

Explanations for major variations from the budget figures in the 2004/05 Long Term Council Community Plan are as follows:

Statement of Financial Performance

The major variances in expenditure related to:

- Regional Development expenditure was under budget due to a reprogramming of expenditure on the Convention Centre (-.6m)
- The increase in the roading depreciation expenditure due to the infrastructure revaluation (\$1.7m).
- The sewerage expenditure was underbudget primarily due to Renwick Sewerage operating expenditure being reprogrammed to 2006/07 (-\$1.153m).
- Increased rivers expenditure due to flood damage (\$.3m).
- There was an increase in the Marlborough Regional Forestry harvesting which increased operating costs by (\$3.6m).
- Biosecurity was under budget due to a lesser Bovine Tb programme being approved by central government than originally budgeted (-\$.9m).

The major variances in revenue related to:

- Operating revenue is under budget in Subsidies due to some of the 2005/06 expenditure on the Renwick Sewerage Scheme being reprogrammed to 2006/07 (-\$1.783m) and Transfund declining to approve Regional Projects for subsidy as submitted by Council (-\$1.57m).

The main areas Other Income is over budget are -

- Profits on sale of sections (\$2.029m).
- Additional lease and rental income (\$281,000).
- Increased subdivision levies (\$869,000).
- Increased parking revenue (\$226,000).
- Gravel extraction and sales (\$223,000).
- Increased user charges from consents (\$747,000).
- Contributions received for capital and operating works for reserves, roading, and services (\$1,449,000).
- Marlborough Regional Forestry income – additional harvesting (\$4.2m).

More detailed explanations on budget variances are contained in the Significant Activity statements as appropriate.

Statement of Financial Position

The revaluation of infrastructural assets on 1 July 2005 resulted in a \$142m increase in the revaluation reserve and a similar increase in the fixed asset total. Where possible Council has utilised its reserves to borrow internally. This together with the reprogramming of some of the capital works programme has negated the need to borrow externally. This is reflected in a reduced non current liability figure (-\$18.9m).

Statement of Cashflows

Council was able to use some of its reserves to internally finance its capital expenditure and this together with a reprogramming of works resulted in Council not having to raise any external debt (\$5.930m).

22 Related Parties

(a) Inter-group Transactions and Balances

The consolidated financial statements include the results and assets and liabilities of the Marlborough District Council and other entities in which the Council has a significant interest.

These entities are as follows:

- MDC Holdings Limited - Marlborough District Council wholly owned.
- Port Marlborough New Zealand Limited - MDC Holdings Limited wholly owned.
- Marlborough Airport Limited - MDC Holdings Limited wholly owned.
- Marlborough Regional Forestry - Joint Committee of Marlborough District Council (88.62%) and Kaikoura District Council (11.38%).

All inter entity transactions and balances as listed below have been eliminated in the consolidated financial statements.

	2005/06 \$000's	2004/05 \$000's
MDC HOLDINGS		
Transactions are:		
Subvention payment from Council	0	0
Services provided by Council	0	0
Services provided to Council	24	24
Loan repaid to Council	0	1,440
Balances are:		
Dividend payable to Council	0	0
Accounts payable to Council	0	0
Accounts receivable from Council (current account)	2	372
PORT MARLBOROUGH LIMITED		
Transactions are:		
Sale of land to Port Marlborough	0	1,425
Interest to MDC Holdings Limited	1,021	827
Net loans repaid by (advanced to) PMNZL to/by MDCHL	3,000	(750)
Services provided by Council	239	252
Services provided to Council	31	0
Pref. Share issued to Council	425	1,000
Rates paid to Council	276	252
Balances are:		
Dividend payable to MDC Holdings Limited	3,452	1,412
Subvention Payment payable to MDC Holdings Limited	455	505
Accounts payable to MDCHL	0	543
Accounts receivable from MDCHL	0	0
Advance by MDCHL to PMNZL	11,000	14,000
Accounts payable to Council	0	425
Accounts receivable from Council	0	0
MARLBOROUGH AIRPORT LIMITED		
Rates paid to Council	3	3

(b) Key Management and Members of Council

The Council purchased goods and services from a business that Councillor Hope's wife has an interest amounting to \$2868.

These goods and services were supplied on normal commercial terms.

Apart from these transactions no councillor or senior management member has entered into related party transactions with the group.

23 Financial Instruments

Credit risk

Financial Instruments which potentially subject the Marlborough District Council to credit risk principally consist of bank accounts, Local Authority Stock and Accounts Receivable.

The Council (both itself and through its funds manager) places its cash and short term deposits in high rating financial institutions. The Council's Treasury policy results in a spread of investments with limitations placed on the level of credit exposure to any one financial institution.

A potential concentration of credit risk exists in respect of amounts owing from Transit New Zealand of \$1,280,000. This receivable is considered to be fully recoverable. Other accounts receivable balances are spread over a large customer base, therefore, minimising exposure to credit risk in respect of these debtors.

Fair values

The estimated fair values of the Council's financial instruments are as follows:

	2005/06		2004/05	
	Carrying Amount \$000's	Fair Value \$000's	Carrying Amount \$000's	Fair Value \$000's
Marlborough District Council				
Accounts Receivable	5,619	5,619	6,451	6,451
Cash and Deposits	21,906	21,906	15,942	15,942
Accounts Payable and Accruals	8,573	8,573	8,282	8,282
Term Debt	234	234	288	288
Consolidated				
Accounts Receivable	7,271	7,271	8,783	8,783
Cash and Deposits	23,519	23,519	17,956	17,956
Accounts Payable and Accruals	12,211	12,211	10,179	10,179
Term Debt	30,414	30,414	33,468	33,468

Account Receivable, Term Deposits, Accounts Payable and Accruals

The carrying amount is the fair value for each of these classes of investment.

Local Authority Stock

The fair value of Local Authority Stock is estimated based on current market value.

Term Debt

Apart from Port Marlborough Term Debt, the carrying amount is the fair value for each of these classes of financial instrument.

The fair value of the Port Marlborough portion of Term Debt is estimated based on current market rates available to the Company for debt of similar maturities.

Interest Rate Risk

Interest Rate Risk is minimal as term liabilities have fixed interest rates.

Currency Risk

The Council has minimal currency risk given that financial instruments are transacted in New Zealand dollars.

Off Balance Sheet Risk

Interest rate swaps and forward rate agreements are entered into by Council subsidiaries to manage interest rate exposure. Contracts have been entered into with various counterparties, having such credit ratings and in accordance with such dollar limits as set forth by authorised policies. No collateral or other security is required to support financial instruments with credit risk. While the group maybe subject to credit losses up to the notional principal or contract amounts in the event of non-performance by its counterparts, it does not expect such losses to occur. The notional principal or contract amounts outstanding at balance date are:

	2005/06		2004/05	
	Notional Amount \$000's	Fair Value \$000's	Notional Amount \$000's	Fair Value \$000's
Marlborough District Council				
Interest rate swaps and forward rate agreements	0	0	0	0
Consolidated				
Interest rate swaps and forward rate agreements	22,160	123 (loss)	24,260	301 Loss

24 Movements in Provisions

	2005/06 \$000's	2004/05 \$000's	2005/06 \$000's	2004/05 \$000's
Employee Entitlements				
Opening Balance	1,172	1,177	1,172	1,177
Increase in Provision	(67)	(5)	(67)	(5)
Closing Balance 30 June	1,105	1,172	1,105	1,172
Provision for Landfill Aftercare				
Opening Balance	473	437	473	437
Increase in Provision	53	36	53	36
Closing Balance 30 June	526	473	526	473
Provision for Runway Reseal				
Opening Balance	1,113	913	0	0
Increase in Provision	200	200	0	0
Closing Balance 30 June	1,313	1,113	0	0

25 Rates Remission Disclosures

	2005/06	2004/05
Community, Sporting and Other Organisations	23,119	22,911
Protected Land	862	570
Residential Land in Commercial/Industrial Areas	9,150	9,219
Single Entity Non Contiguous Pastoral Units	1,677	824
Separate Ownership Contiguous Units	8,233	1,648
Separately Used/Inhabited Parts of Rating Units	31,237	30,407
Subdivisions creating four or more units	37,355	26,261
Rate Penalties	32,453	20,424
Water Remissions	13,574	9,191
Multi-ownership Maori land	133,445	158,631
Total	291,105	280,086

26 Marlborough Airport Limited

The ownership of Marlborough Airport Limited changed from Port Marlborough NZ Limited to MDC Holdings Limited on 30 June 2006.

27 Consolidations

The Council has exempted the following Council Controlled Entities (CCOs) from being consolidated into the financial statements under Section 7 of the Local Government Act.

- Housing for the Elderly Trust
- Mayoral Drought Relief Trust.

Council has also not consolidated into its financial statements the Destination Marlborough Trust.

Consolidating the above entities' results is considered immaterial and would not significantly impact on the reported financial results.

28 Post Balance Date Events

There have been no significant post balance day events between year end and the signing of the report that have had a material effect on the assets and liabilities of Council.

EQUAL EMPLOYMENT OPPORTUNITIES POLICY

The Council's Equal Employment Opportunities Policy is designed to achieve equal opportunity in the Council workplace. The policy involves the identification and elimination of institutional barriers that cause or perpetuate inequality. The following is a summary of the Council's policy:

For any given position, the best available person for the job will be appointed regardless of their gender, race, religion, disability or any other factor irrelevant to performance in the position.

The Policy is implemented by way of a programme focused on three objectives:

1. Increasing knowledge and awareness of the principles of equal employment, by ensuring that all staff are advised and understand their rights and responsibilities.
2. Achieving workplace equality in recruitment and performance management, by ensuring systems and processes support the principles of equal employment.
3. Continual improvement, by monitoring and reviewing organisational performance.

Council's Human Resources Co-ordinator is responsible for ensuring that any recruitment carried out by the Marlborough District Council follows the objectives and guidelines set out above. It is the co-ordinator's responsibility to ensure management and staff involved in recruitment processes have had training that incorporates an awareness of equal employment opportunities.

ACTIVITIES UNDERTAKEN TO ESTABLISH AND MAINTAIN PROCESSES TO PROVIDE FOR OPPORTUNITIES FOR MAORI TO CONTRIBUTE TO THE DECISION MAKING PROCESSES OF COUNCIL

Council has identified that one of the principal barriers to Maori contribution to decision making processes is the strength of the financial and administrative base of Marlborough iwi. Appropriately, the resources available to iwi have been primarily directed at the settlement of claims before the Waitangi Tribunal. Council has identified that one of the most effective contributions it can make, at this stage, is to provide assistance to Marlborough iwi in satisfactorily concluding these claims. To that end it has worked with Kurahaupo natural grouping of iwi comprising Ngati Apa Ki Te Ra To, Te Runanga o Ngati Kuia and Te Runanga A Rangitane O Wairau to assist them in their claim process. Similar offers of assistance have been made to other Marlborough iwi as they progress their claims.